

MINISTRY OF FORESTS

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Consent to Transfer - Policy and Procedures

Condensed Copy

# Consent to Transfer - Policy and Procedures

## **CONSENT TO TRANSFER POLICY AND PROCEDURES**

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## **1.0 Policy and Procedures for Processing Requests for Consent to Transfer Forest Tenures (Section 54 of the *Forest Act*)**

### **1.1 INTRODUCTION**

The rights to harvest Crown timber in the province are awarded to corporations and individuals under the following forms of “agreement”:

- a) forest licence, (FL)
- b) timber sale licence, (TSL)
- c) timber licence, (TL)
- d) tree farm licence, (TFL)
- e) pulpwood agreement, (PA)
- f) woodlot licence, (WL)
- g) free use permit, (FUP)
- h) licence to cut, (L/C)
- i) road permit, (RP); and,
- j) Christmas tree permit. (CTP)

A corporation or individual can also obtain or increase its timber harvesting rights by acquiring one or more agreements held by another corporation or individual. Typical transactions may include:

- the purchase of an agreement(s) (or an interest in it) that is held by another corporation or individual;
- the purchase of a corporation that holds an agreement(s) or the purchase of a corporation that controls a corporation that holds an agreement(s); and,
- the amalgamation of a corporation with another corporation that holds an agreement(s).

In each of these types of transactions the control of the agreement(s) is transferred from one party to another. As provided in Section 54 (1) a), b) and c) of the *Forest Act*, with some exceptions, these kinds of transactions require the Minister of Forests prior written consent.

Another way in which timber harvesting rights can be transferred is through the transmission of an agreement or the transmission of shares in a corporation that holds an agreement, as may be provided for as part of the administration of a deceased person’s estate. The transfer of control of an agreement from a deceased person’s personal representative to a named beneficiary in this way also requires the minister’s prior written consent i.e. an estate transfer is not automatic. The minister can withhold consent in those cases where the transfer of control is deemed to be inconsistent with the *Forest Act* or, in the minister’s opinion, is not in the best public interest.

The exceptions for the need to obtain the minister's consent are:

- i) the disposition of an agreement made by way of security given in good faith;
- ii) the disposition of an agreement made on default of a debt security to the holder of that debt security, or to a trustee, receiver or receiver-manager of the holder of that debt security;
- iii) the disposition of an agreement made by way of transmission from the estate of a deceased person to that person's personal representative; and,
- iv) a change in or acquisition of control of a corporation that is caused by a transmission of shares in its capital from the estate of a deceased person to that person's personal representative.

For ii), iii) and iv) above, the *Forest Act* requires that notice must be provided to the minister within three months of the disposition or change in control.

The policy and procedures dealing with the processing of requests for the minister's consent to the above kinds of transactions are provided below. Also included are appendices providing guidelines for the preparation of briefing notes, letters, forms, notices and events that are an integral part of the aforementioned procedures as well as other relevant information.

When dealing with the subject of consent to transfer control of an agreement(s) the primary decision maker is the Minister of Forests. However, decision making authority in this area can be delegated to the deputy minister and for minor forms of agreement similar authority can be delegated to a regional manager and/or district manager (Section 54(2) of the *Forest Act*).

## 1.2 DEFINITIONS

For purposes of these policies and procedures:

“*Category 1 Transactions*” means:

- the disposition of a Tree Farm Licence (TFL), Forest Licence (FL), Timber Licence (TL) or Pulpwood Agreement (PA), or an interest in any of them;
- the change, or the acquisition or disposal, in one or a series of transactions, of control of a corporation that is the holder of a TFL, FL, TL, PA or Timber Sale Licence (TSL) or of another corporation that, directly or indirectly, controls that corporation; and,
- the amalgamation of a corporation that is the holder of a TFL, FL, TL, PA or TSL with another corporation.

“*Category 2 Transactions*” means:

- the disposition of a Timber Sale Licence (TSL), Christmas Tree Permit (CTP), Licence To Cut (L/C) or Road Permit (RP), or an interest in any of them;
- the change, or the acquisition or disposal, in one or a series of transactions, of control of a corporation that is the holder of a CTP, L/C, or RP or of another corporation that, directly or indirectly, controls that corporation; and,
- the amalgamation of a corporation that is the holder of a CTP, L/C or RP with another corporation.

“*Category 3 Transactions*” means:

- the disposition of a Woodlot Licence (WL), or an interest in it;
- the change, or the acquisition or disposal, in one or a series of transactions, of control of a corporation that is the holder of a WL or of another corporation that, directly or indirectly, controls that corporation; and,
- the amalgamation of a corporation that is the holder of a WL with another corporation.

“District Manager” means a district manager appointed for a forest district under the *Ministry of Forests Act*.

“*Legal Services Branch*” means the Legal Services Branch of the Ministry of Attorney General.

“*Minister*” means the Minister of Forests or a person or persons to whom the authority to give prior written consent requested under Section 54(1) of the *Forest Act* has been delegated.

“*Policy*” means the fundamental principles and matters that should be considered by decision makers before a decision is made.

“*Procedures*” means the sequence of things (tasks) that have to be done in order for a sound decision to be made or for a decision to be implemented as intended.

*“Regional Manager”* means a regional manager appointed for a forest region under the *Ministry of Forests Act* (or designate).

*“Transferee”* means the party that is gaining control of an agreement, or an interest in an agreement, as a result of a transaction.

*“Transfer”, “Transfer of Control”* and *“Transactions”* are interchangeable and mean the change in control of an agreement as a result of:

- the disposition of an agreement or an interest in an agreement;
- the change, or the acquisition or disposal, in one or a series of transactions, of control of a corporation that is the holder of an agreement or of another corporation that, directly or indirectly, controls that corporation;
- the amalgamation of a corporation that is the holder of an agreement with another corporation; and,
- the disposition of an interest in private land in an area subject to a WL.

*“Transferor”* means the party that is giving up control of an agreement, or an interest in an agreement, as a result of a transaction.

## 1.3 POLICY

### POLICY STATEMENT

Scope	This policy addresses a request for the minister's consent to transfer control of a timber harvesting agreement(s), or an interest in an agreement, as provided for in Section 54 (a), (b) and (c) of the <i>Forest Act</i> .
Policy	<p>Each request for consent to undertake a transaction that involves a change in control of an agreement, or an interest in an agreement, will be evaluated in a fair and consistent manner to determine whether the proposed transaction would be in the public interest. The criteria used to carry out this evaluation should include, but not necessarily be limited to:</p> <ul style="list-style-type: none"><li>• the reasons for the proposed transaction;</li><li>• the eligibility of the transferee to hold the Crown agreements involved in the proposed transaction;</li><li>• the length of time the transferor has held the Crown agreements involved in the proposed transaction (the issue of speculation);</li><li>• the potential effect on social and economic development in the affected regions(s) (employment and community stability);</li><li>• the potential effect on the Crown's ability to obtain fair value for Crown timber;</li><li>• the potential effect on the health and competitiveness of the forest industry (diversification, innovation, etc.);</li><li>• the potential effect on the market for logs and chips;</li><li>• the potential to protect the position of others in the marketplace (contractors, suppliers and operators, particularly those relying on current wood flow patterns);</li><li>• the potential to maintain or enhance the management of the Crown agreements involved in the transaction and to honour existing commitments tied to those agreements; and,</li><li>• in the case of WL's, the potential to contribute to the goals of the WL program.</li></ul>

[Note: The relevancy of the above criteria may vary depending on the type of agreement involved.]

Requests for consent to undertake transactions that are determined to be contrary to the public interest would normally not be approved.

<i>Public Involvement</i>	Before the minister provides prior written consent to a transaction that might, in the minister's opinion, have an adverse impact on: a) existing employment levels; b) community stability; c) the position of others in the forest industry; or, d) the overall public interest, the minister may choose to solicit public input on the proposed transaction.
<i>Public Involvement Methods</i>	<p>Where the potential for adverse impacts on existing employment levels, community stability, the position of others in the forest industry or the overall public interest as a result of a proposed transaction is considered to be significant, public input will normally be solicited through formal public meetings. Where the potential for any adverse impact is less apparent but public input is perceived to be warranted, the ministry will advise the public of the proposed transaction and invite written input. Where a proposed transaction is expected to have little, if any, adverse impact, public input will normally not be solicited.</p> <p>Where public input is solicited and received by the ministry, the public will be informed of the decision regarding the request for consent through a ministry press release.</p>
<i>Public Involvement Costs</i>	Where public involvement activities are undertaken as part of the transfer process, the transferor will reimburse any costs incurred by the ministry that can be directly attributed to those activities.
<i>Imposing Conditions</i>	When imposing conditions or requirements on consent, either given or deemed, the conditions or requirements must be reasonable.
<i>Processing Time</i>	<p>The ministry will make every effort to process each request for the minister's consent in a timely manner. Where at all possible the time period between the date that a complete application is received from the transferor and transferee and the date the decision is rendered (either disallowance or approval in principle) will not exceed 120 days for those transactions where public input is solicited and 90 days for those transactions where public input is not solicited.</p> <p>It is the responsibility of the transferor and transferee to allow sufficient time for the processing of any necessary depositions, court orders or any other documents required to complete the proposed transfer.</p> <p>For amalgamations that must occur prior to December 31, a request for the minister's consent must be submitted no later than November 1 of the same year.</p>

*Confidential Documents* Documents that are provided to the minister in confidence as a requirement of a transfer process will be treated in accordance with the provisions of the *Freedom of Information and Protection of Privacy Act*.

**References** \* *Forest Act*



## 1.4 PROCEDURES

As provided in Section 54(1) of the *Forest Act*, the following types of transactions require the prior written consent of the Minister of Forests.

- (i) the disposition of an agreement or an interest in an agreement;
- (ii) the change, or the acquisition or disposal, in one or a series of transactions, of control of a corporation that is the holder of an agreement or of another corporation that, directly or indirectly, controls that corporation; and,
- (iii) the amalgamation of a corporation, that is the holder of an agreement with another corporation.

Items (i), (ii) and (iii) above apply to transactions between any legal entities capable of holding property, including:

- individuals;
- partnerships;
- non-affiliated corporations;
- affiliated corporations;
- any combination of the above; and,
- a deceased person's personal representative and a beneficiary (estate administration).

Note: Although the 5% reduction in AAC and the Crown's recovery of 5% of the value of TL's, as provided for in Section 56 (1) and (5) of the *Forest Act*, do not apply to transactions between affiliated corporations, these transactions still require the minister's prior written consent.

The forms of agreement that Section 54(1) of the *Forest Act* applies to are:

- a) forest licence, (FL)
- b) timber sale licence, (TSL)
- c) timber licence, (TL)
- d) tree farm licence, (TFL)
- e) pulpwood agreement, (PA)
- f) woodlot licence, (WL)
- g) free use permit, (FUP)\*
- h) licence to cut, (L/C)
- i) road permit, (RP); and,
- j) Christmas tree permit. (CTP)

\* Due to the short term of these agreements (1 year), where the transfer of control of a FUP is necessary prior to the expiry date it is recommended that it be dealt with through cancellation and replacement where at all possible.

The processing of requests for consent to transfer control of one or more agreements can differ depending on the method of transfer proposed and the form of agreement involved. Therefore, for purposes of developing procedures, transactions involving the transfer of control of

agreements have been grouped into three categories. These categories are described in detail in Section 1.2.

Procedures for adjudicating requests for consent to all three categories of transaction, including those that involve the transfer of an agreement from the personal representative of a deceased person to a beneficiary, are provided below in both diagrammatic and textual format.

#### **1.4.1 CATEGORY 1 TRANSACTIONS (TFLs, FLs, TLs, PAs and some TSLs)**

This includes requests for the minister's consent to:

- the transfer of control of one or more Tree Farm Licences (TFL), Forest Licences (FL), Timber Licences (TL) or Pulpwood Agreements (PA), or an interest in them (This includes the transfer of control of an agreement from a deceased person's representative to a beneficiary);
- the transfer of control of one or more TFLs, FLs, TLs, PAs or Timber Sale Licences (TSL) as a result of the change in control of a corporation that holds the agreement(s) or another corporation that controls that corporation (This includes changes in control as a result of the transmission of shares in a corporation from a deceased person's personal representative to a beneficiary); and,
- the transfer of control of one or more TFLs, FLs, TLs, PA or TSLs by the amalgamation of a corporation with another corporation that holds the agreements.

##### **1.4.1.1 Preliminary Consultation**

- i) Before submitting a request for the minister's consent to the transfer of control of one or more agreements, it is advisable that the two parties requesting consent contact the appropriate Ministry of Forests officials to discuss the proposed transaction and to gain an understanding of the process involved, including how to prepare and submit an application. If the agreements are located in one forest region, this consultation should occur with the regional manager. If the agreements are located in more than one forest region the consultation could occur with each regional manager or if it is more convenient, with the Director of the Resource Tenures and Engineering Branch (RTEB) in Victoria, or both. In the case of large transactions the transferor and transferee should be encouraged to have their legal counsel contact Legal Services Branch to discuss the legal aspects of the proposal.

##### **1.4.1.2 Submitting the Application**

- i) The transferor and transferee, usually in a joint effort, will submit an application for consent to the Minister of Forests. This application should include enough information about the transferor and transferee and the proposed transaction to allow the minister to determine if the proposed transaction is consistent with policy objectives and warrants further consideration. To this end the application should include:
  - a) a letter from the transferor requesting the minister's consent to the proposed transaction which should contain;

- a description of the transferor's timber harvesting operations, including:
    - a list of Crown agreements, by TSA;
    - current Crown AAC total, by forest region;
    - percent of annual log requirements that is secured (Crown agreements, private land or other sources) by forest region; and,
    - employment created.
  - a description of the transferor's milling operations, including:
    - mill location(s) and type;
    - timber demand (required log input) by facility;
    - log sources for each facility; and,
    - employment created.
  - a description of the proposed transaction, including:
    - the form of the transaction (single or a series of transactions) and the type of transaction (assignment, share transfer, etc.);
    - the name of the transferee;
    - a list of the Crown agreement(s) and ancillary permits involved;
    - other assets involved in the transaction;
    - the AAC of the replaceable Crown agreement(s) involved in the transaction, by forest region; and,
    - a description of any private land involved in the transaction.
  - the transferor's reasons for the proposed transaction.
  - corporate information on the transferor, including:
    - officers, directors and major shareholders (in the case of amalgamations, the share distribution and voting powers held by those shares);
    - the name, country and ownership of any parent company or affiliates; and,
    - and written confirmation that the current share structure will not change prior to receipt of consent.
  - a description of any formal or informal arrangements with other operators to purchase, sell or trade wood fibre that could be affected by the proposed transaction;
  - the expected direct and indirect effects of the proposed transaction on employment and community stability;
  - the perceived advantages of the proposed transaction to the Crown; and,
  - the name, position and phone number of the transferor's contact person for the proposed transaction.
- b) a letter from the transferee requesting the minister's consent to the proposed transaction which should contain;
- a description of the transferee's timber harvesting operations, including:
    - a list of Crown agreements, by TSA;
    - current Crown AAC total, by forest region;
    - percent of annual log requirements that is secured (Crown agreements, private land, other) by forest region, before and after the proposed transaction; and,
    - employment created.
  - a description of the transferee's milling operations, including:
    - mill location(s) and type;

- timber demand (required log input) by facility;
  - log sources for each facility; and,
  - employment created.
  - a description of the proposed transaction, including:
    - the form of the transaction (single or a series of transactions) and the
    - type of transaction (assignment, share transfer, etc.);
    - the full name of the transferor and transferee;
    - a list of the Crown agreement(s) and ancillary permits involved;
    - other assets involved in the transaction;
    - the AAC of the replaceable Crown agreement(s) involved in the
    - transaction, by forest region;
    - total Crown AAC that would be held by the transferee after the proposed
    - transaction (by forest region) and that volume expressed as a percent of the
    - total AAC in the forest region; and,
    - a description of any private land involved in the transaction.
  - the transferee's reasons for the proposed transaction;
  - corporate information on the transferee, including:
    - officers, directors and major shareholders (in the case of amalgamations, the
    - share distribution and voting powers held by those shares);
    - the name, country and ownership of any parent company or affiliates
    - and written confirmation that the current share structure will not change prior
    - to receipt of consent;
  - confirmation that the transferee will comply with the terms and conditions of the
  - agreements involved in the proposed transaction and fulfill any outstanding
  - obligations associated with those agreements;
  - in the event consent is given to the proposed transaction, the transferee's plans for
  - minimizing impacts on:
    - the transferor's current employees, staff and contractors;
    - the operators that currently have fibre supply agreements with the transferor
    - or otherwise have historically been dependent on the transferor as a source of
    - selling, buying or trading wood fibre; and,
    - the stability of the communities that are dependent on the transferor's
    - operations.
  - confirmation that the transferee understands and accepts that if consent is given to the
  - proposed transaction the Crown AAC of any TFL and the AAC of any replaceable
  - FL's or TSL's involved will be reduced by 5% and that 5% of the value of the timber
  - remaining on each TL involved is payable to the Crown.
  - the perceived advantages of the proposed transaction to the Crown; and,
  - the name, position and phone number of the transferor's contact person for the
  - proposed transaction.
- c) a duly executed and witnessed **joint declaration** of the transferor and the transferee  
(See Appendix 1-5A.1);
- d) a true copy of the Asset Purchase Agreement (assignments) or the Share Purchase  
Agreement (share transfers); and,

- e) in the case of the transfer of control of an agreement held in an estate, either through direct disposition or transmission of shares in a corporation, (d) above would not be required. However, in such cases the following documentation should be provided:
  - \* a true copy of the Letter of Probate identifying the Executor; and,
  - \* a true copy of the Will, or if there is no Will, a Letter of Administration issued under the *Estate Administration Act of British Columbia*.

Note: Purchase agreements, joint declarations and other financial information is classified as restricted information and withheld from disclosure to the public under Section 21 of *The Freedom Of Information And Protection Of Privacy Act*.

#### 1.4.1.3 Project Coordination

- i) Immediately following receipt of the application, the regional manager (or managers if more than one region is involved) will contact RTEB to discuss the process to be followed to process the request for consent. These discussions will produce agreement on:
  - matters of policy (where clarification is required);
  - the staff members designated to act as regional project coordinator (RPC) and headquarters project coordinator (HPC);
  - the method of public involvement to be recommended; and,
  - where public meetings are to be recommended, the suggested locations and dates of the meetings and the recommended meeting chairperson.
- ii) The two most common options for soliciting public input are:
  - a) to hold a public meeting (and where necessary private stakeholder meetings) in the communities that stand to be affected the most by the proposed transaction; or,
  - b) to place notices of the proposed transaction in local newspapers to inform the public and stakeholders of the proposed transaction and to solicit their written input.

Option (a) would normally be recommended in those cases where the proposed transaction could have a significant adverse impact on existing employment levels, the stability of one or more communities, the position of others in the forest industry; (contractors, suppliers, small operators) or the overall public interest.

Option (b) would normally be recommended in case of transactions where the potential for the above impacts is less apparent but the opportunity for public input is still considered warranted.

#### 1.4.1.6 Informing the Transferor and Transferee

- i) On receipt of the minister's instructions, the regional manager, or RTEB (where the agreements span more than one region) in consultation with the affected regional managers, will prepare the following letters;
  - (a) In the event of the minister's rejection of the request for consent, letters for the minister's signature to the transferor and the transferee apprising them of the decision and providing the reasons on which it was based; or,
  - (b) In the event that the minister is prepared to give further consideration to the request for consent, letters to the transferor and transferee apprising them of the minister's decision and the next step in the process. Where public meetings are to be held, letters will also have to be prepared for the minister's signature and sent to
    - stakeholder groups with an expected or known interest in the proposed transaction apprising them of the plan to hold public meetings and asking them if they wish a private meeting , and
    - the person(s) that the minister wants to conduct the public meetings.

**If the decision is to disallow the request for consent the process stops here.** If the decision is approval in principle the process moves to Section 1.4.1.12 below.

#### 1.4.1.7 Soliciting Public Input

- i) Where public meetings are the primary method of soliciting public input the regional manager in whose forest region the meetings are being held is responsible for:
  - advertising the meetings;
  - ensuring that the meetings, including transportation, are properly organized;
  - ensuring that technical and administrative support is provided to the person(s) conducting the meetings;
  - providing factual background information for use by those attending the public meetings;
  - participating in the meetings; and,
  - incorporating the essence of the public input obtained from the public meetings (and other sources) in his or her report (Section 1.4.1.8 below).
- ii) Where the method of public involvement to be used is a notice in local newspapers the regional manager will be responsible for the content and timely scheduling of the notices and for recording and summarizing the input received. Following the placement of the last notice the public should be given a minimum of three weeks to respond, with longer periods allowed where the regional manager determines that local interest warrants it. Depending on the interest shown in the proposed transaction as a result of the newspaper notices, the regional manager may decide to hold meetings with the public and/or stakeholder groups if this is considered necessary to provide more information to the public/stakeholders or to obtain a clear understanding of the issues and concerns related to the proposed transaction.



- iii) The costs of soliciting public input incurred by the ministry that are outside the scope of normal expenditures (would not have been incurred if the request for consent had not been made) are the responsibility of the transferor. More information on this subject is provided in Appendix 1-9A.

#### **1.4.1.10 Informing the Transferor and Transferee**

- i) The regional manager (or RTEB, as appropriate), with advice from the Legal Services Branch where required, will prepare;
- (a) the disallowance letter; or,
  - (b) the approval in principle letter.

to the transferor and the transferee and forward them to the minister for signature.

#### **1.4.1.12 Compliance with Conditions of Consent**

- i) Before final consent to the proposed transaction will be forthcoming from the minister all of the conditions set out in the approval in principle letter must either have been complied with or accepted by the transferor/transferee in writing as future obligations. The transferor and transferee must notify the regional manager in writing when these conditions have been met or have been accepted as future obligations. Where future obligations are involved, the licence document(s) should be amended to include these obligations as contractual requirements.

#### **1.4.1.14 Consent Given**

- i) The minister will sign the consent document and forward it to the transferee.
- ii) The regional manager will ensure that, in the case of an assignment, the duplicate original of the agreement(s) being transferred, are sent to the transferee to complete the transaction and that any amendments to those agreements required as a condition of consent are formally completed.

### **1.4.2 CATEGORY 2 TRANSACTIONS (CTPs, L/Cs, RPs and some TSLs)**

This includes requests for the minister's consent to:

- the transfer of control of one or more TSLs, CTPs, L/Cs or RPs, or an interest in them (This includes the transfer of control of an agreement from a deceased person's representative to a beneficiary);
- the transfer of control of one or more CTPs, L/Cs or RPs as a result of the change in control of a corporation that holds the agreement or another corporation that controls that corporation (This includes the transfer of control of an agreement from a deceased person's representative to a beneficiary); and,
- the transfer of control of one or more CTPs, L/Cs or RPs by the amalgamation of a corporation with another corporation that holds the agreement.

#### **1.4.2.2 Submitting the Application**

- i) The transferor and transferee, usually in a joint effort, will submit an application for consent to the Minister of Forests. This application should include enough information about the transferor and transferee and the proposed transaction to allow the minister to determine if the proposed transaction is consistent with policy objectives and therefore warrants further consideration or is inconsistent with those objectives and should not receive his consent. To this end the application should include:  
(See 1.4.1.2)

#### **1.4.2.7 Informing the Transferor and Transferee**

- i) If the letters to the transferor and transferee prepared by the regional manager and submitted with the briefing note are consistent with the minister's decision, the minister will sign them and forward them to the transferor and transferee. If the letters require modification, the minister will inform the regional manager who will make the necessary changes and return them to the minister for signature and forwarding to the transferor and transferee.

**If the decision is to disallow the request for consent the process stops here.** If the decision is approval in principle the process moves on to 1.4.2.8 below.

#### **1.4.2.8 Compliance with Conditions of Consent**

- i) Before the minister will give final consent to the proposed transaction all of the conditions set out in the approval in principle letter must be complied with or accepted as future obligations. The transferor and transferee must notify the regional manager in writing when these conditions have been complied with where future obligations are involved, the licence document should be amended to include those obligations as contractual requirements.

#### **1.4.2.10 Consent Given**

- i) The minister will sign the two consent documents and return them to the regional manager for any attachments and distribution.
- ii) One original of the minister's consent document is sent to the transferee and the transaction is complete. In the case of an assignment, the transferee also receives the duplicate original of the agreement(s) being transferred.



### **1.4.3 CATEGORY 3 TRANSACTIONS (Woodlot Licences)**

This includes requests for the minister's consent to:

- the transfer of control of a Woodlot Licence (WL), or an interest in it (this includes the transfer of control of an agreement from a deceased person's representative to a beneficiary) and associated road permits;
- the transfer of control of a WL as a result of a change in control of a corporation that holds a WL or another corporation that controls that corporation (This includes the transfer of control of an agreement from a deceased person's representative to a beneficiary); and,
- the transfer of control of a WL by the amalgamation of a corporation with another corporation that holds a WL.

#### **1.4.3.2 Submitting the Application**

- i) The transferor and transferee, usually in a joint effort, will submit an application for consent to the regional manager. This application should include enough information about the transferor and transferee and the proposed transaction to allow the regional manager to determine if the proposed transaction is consistent with policy objectives and warrants further consideration. To this end, the application should include:
  - a) a letter from the transferor requesting the regional manager's consent to the proposed transaction, which should contain;
    - a description of the proposed transaction, including:
      - . the type of transaction (assignment, share transfer, etc.);
      - . the full name of the transferor and transferee;
      - . the Crown agreement and ancillary permits included in the proposed transaction;
      - . other assets, if any, included in the transaction;
    - the length of time the transferor has held the WL;
    - the transferor's reasons for the proposed transaction;
    - corporate information on the transferor, if applicable, including officers, directors, major shareholders (in the case of an amalgamation, share distribution and the voting power of those shares) and written confirmation that the share structure will not change prior to receipt of consent;
    - a legal description and the name of the registered owner(s) of any Schedule "A" land that is subject to the woodlot licence;
    - confirmation that the proposed transaction includes all Schedule "A" land included in the woodlot licence (or otherwise);
    - the perceived advantages of the proposed transaction to the Crown; and,
    - the name, position and phone number of the transferor's contact person for the proposed transaction.

- b) a letter from the transferee requesting the regional manager's consent to the proposed transaction, which should contain;
- a description of the proposed transaction, including:
    - . the type of transaction (assignment, share transfer, etc.);
    - . the transferee's full name, citizenship, permanent place of residence and relationship to the transferor, if any;
    - . the agreement and ancillary permits included in the proposed transaction; and,
    - . other assets, if any, included in the transaction.
  - the transferee's reasons for the proposed transaction;
  - corporate information on the transferee, if applicable, including officers, directors, major shareholders, affiliates (in the case of an amalgamation, share distribution and the voting power of those shares) and written confirmation that the share structure will not change prior to receipt of consent;
  - confirmation that the transferee is eligible under the *Forest Act* to hold the subject agreement(s) and technically qualified to hold and manage a woodlot licence
  - a commitment to comply with all administrative, contractual and statutory obligations as they relate to the woodlot licence;
  - the transferee's plans with respect to any private (Schedule "A") land currently part of the WL;
  - the perceived advantages of the proposed transaction to the Crown; and,
  - the name, position and phone number of the transferee's contact person for the proposed transaction.
- c) A duly executed and witnessed **joint declaration** of the transferor and the transferee. (Appendix 1-5A.1)
- d) a true copy of the Asset Purchase Agreement (assignments) or the Share Purchase Agreement (share transfers); and,
- e) in the case of the transfer of control of an agreement held in an estate, either through direct disposition or transmission of shares in a corporation, (d) above would not be required. However, in such cases the following documentation should be provided:
- \* a true copy of the Letter of Probate identifying the Executor; and,
  - \* a true copy of the Will, or if there is no Will, a Letter of Administration issued under the *Estate Administration Act of British Columbia*.

Copies of a), b), c) and d) or e) above should be sent to the district manager.

Note: Purchase agreements, joint declarations and other financial information are classified as restricted information and withheld from disclosure to the public under Section 21 of *The Freedom Of Information And Protection Of Privacy Act*.

#### **1.4.3.5 The Regional Manager's Decision**

- i) The regional woodlot licence forester will:
  - a) check for any moneys owed to the Crown (stumpage or annual rent);  
Note: the transferor must pay all debts (unless it is remaining as a licensee) and all outstanding accounts.
  - b) confirm whether or not the transfer fee has been paid;
  - c) confirm the ownership of any private land involved, lease agreements, assignment of management rights or other legal issues, if required; and,
  - d) confirm with the district if any outstanding items need to be dealt with e.g. silvicultural surveys, reforestation obligations, etc.

#### **1.4.3.6 Informing the Transferor and Transferee**

- i) If the letters to the transferor and transferee submitted with the briefing note are acceptable, the regional manager will sign them and forward them to the transferor and transferee. If the letters require modification, the regional manager will inform the regional W/L forester who will have the necessary changes made (in consultation with the district manager) and return them to the regional manager for signature and forwarding to the transferor and transferee.

**If the decision was to reject the request for consent the process stops here.** If the decision was to give consent subject to certain conditions the process moves to Section 1.4.3.7.

#### **1.4.3.7 Compliance with Conditions of Consent**

- i) Before the regional manager provides his final consent in the form of a letter of consent, all of the conditions that the regional manager has attached to consent must be complied with or accepted as future obligations. The transferor and transferee must notify the regional manager in writing when these conditions have been complied with. Where future obligations are involved, the licence document should be amended to include those obligations as contractual requirements.

#### **1.4.3.8 Consent Given**

- i) When all of the conditions of consent have been complied with the regional manager will:
  - a) issue one (1) original of the consent document to the transferee;
  - b) provide a copy of the consent document to the transferor;
  - c) provide a copy of the consent document to the district manager;
  - d) where required, direct the district manager to issue an FS 3 amendment to the WL; and,
  - e) in the case of an assignment, forward the licence document (and ancillary permits) to the transferee.

The regional manager's consent document will normally be a consent form (FS 538) where an agreement is assigned or a letter of consent in the case of a share transfer or an amalgamation.

## **2.0 Policy and Procedures for Processing Requests for Consent to the Disposition (Deletion) of Private Land Subject to a Tree Farm Licence (TFL) or Woodlot Licence (WL) (Section 54 of the Forest Act)**

### **2.1 INTRODUCTION**

Tree Farm Licences (TFL) and Woodlot Licences (WL) commonly contain parcels of private land owned by the licence holder. These parcels of private land are managed in accordance with the terms and conditions of the licence. Periodically a TFL or WL holder wishes to remove private land, or a portion thereof, from the licence to facilitate other land uses or to allow the sale of the land to other parties. However, removal of private land that is subject to a TFL or WL from those licences requires the Minister of Forest's prior written consent, as provided for in Section 54(1) of the *Forest Act*.

Policy and procedures for processing requests for consent to delete private land subject to a TFL or WL are provided below. Also included are appendices providing guidelines for the preparation of applicable briefing notes, minister's letters and consent documents.

### **2.2 DEFINITIONS**

"Forest Land Commission" means the commission established under Section 3 of the *Forest Land Reserve Act*.

For additional definitions refer to Section 1.2.

### **2.3 POLICY**

#### **POLICY STATEMENT**

Scope	This policy addresses a request to dispose of (delete) private land that is subject to a TFL or a WL as provided for in Section 54 (1) (d) of the <i>Forest Act</i> .
Policy	<p>Each request for consent to delete private land that is subject to a TFL or WL will be evaluated in a fair and consistent manner to determine whether the request would be in the public interest. The criteria used to carry out this evaluation will include, but not necessarily be limited to:</p> <ul style="list-style-type: none"><li>• the reason(s) for the request, including the intended future use of the land proposed for deletion;</li><li>• the role that the land proposed for deletion played in the award of the licence, if any;</li><li>• the length of time the licensee has held the private land proposed for deletion;</li></ul>

- the potential effect that the deletion of private land could have on the achievement of management objectives established for the licence and approved by the ministry;
- in the case of the proposed deletion of private land from a TFL, whether or not the proposed use of the land is permitted under the *Forest Land Reserve Act* or has received approval from the Forest Land Commission;
- the existence of a proposal by the licensee to replace the land being deleted with other private land and the degree to which the replacement land, if any, is comparable to the land being deleted in terms of area, location, accessibility and productivity; and,
- in the case of WL's, the extent to which the deletion of the subject private land would be consistent with the goals of the WL program.

Requests for consent to delete private land will normally not be approved unless the proposed use is higher than that of commercial timber production or other suitable private land is made available by the licence holder to replace the lands proposed for deletion.

Requests for consent to delete private land from a TFL will normally only be considered if the intended use of the land after it is deleted is an acceptable use under the *Forest Land Reserve Act* or it has received prior written approval from the Forest Land Commission.

*Imposing Conditions*

When imposing conditions and requirements on consent, either given or deemed, the conditions or requirements must be reasonable.

*Processing Time*

The ministry will make every effort to process each request for the minister's consent in a timely manner. Where at all possible the time period between the date that a complete application is received from the licensee and the date the decision is rendered (either disallowance, approval or approval in principle) will not exceed 90 days.

**References**

*Forest Act,*  
*Forest Land Reserve Act.*

## 2.4 PROCEDURES

Procedures for processing requests for consent to delete private land from a TFL or WL are described below and depicted diagrammatically in figure 4.

Note: The following procedures have been developed based on the precept that the Deputy minister retains the authority to process requests for consent to delete private land from a WL. However, in the event that this authority is delegated to the regional manager, the following changes in the interpretation of these procedures as they apply to WL's will be required:

- a) A reference to the deputy minister would become a reference to the regional manager; and,
- b) A reference to the regional manager would become a reference to the district manager.

### 2.4.1 - Preliminary Consultation

- i) Before submitting a request for the minister's consent to delete private land subject to a TFL or WL it is recommended that the licensee and the regional manager discuss the licensee's intentions and the process involved, including how to prepare and submit the request (application).

### 2.4.2 Submitting the Application

The licensee will submit an application for consent to the Minister of Forests. This application should include enough information about the licensee and the proposed transaction to allow the minister to determine if the proposed transaction is consistent with policy objectives and warrants further consideration. To this end, the application should include:

- (a) A letter from the licensee containing:
  - a request for consent to delete private land;
  - a map of the licence area showing the area of private land to be deleted and if applicable, the area of private land that will remain subject to the licence;
  - a legal description of the private land to be deleted;
  - the reason for the request, including the intended use of the land after deletion;
  - the current ownership status of the land to be deleted;
  - the expected impact of the proposal on the future management of the licence and the licensee's plans for avoiding negative impacts;
  - the current classification of the land (proposed for deletion) under the *Forest Land Reserve Act*; (WL only)
  - a description of private lands, if any, proposed for inclusion in the licence to replace the lands to be deleted, including area, location, ownership status, accessibility, current growing stock and productive potential;
  - the perceived advantages of the proposed transaction to the Crown; and,
  - the name, position and phone number of the licensee's contact person.



- (b) In the case of a TFL and the proposed deletion of private land for uses that are not permitted in the Forest Land Reserve, the licensee must submit a letter from the Forest Land Commission stating that the Commission is prepared to remove the subject lands from the Forest Land Reserve.
- (c) A copy of the State of Title Certificate covering the private land proposed for deletion.
- (d) Where the private land proposed for deletion is managed by the licensee under a lease agreement, a copy of the lease agreement should be provided.
- (e) If applicable, a copy of the purchase agreement covering the private land proposed for deletion.

- ii) Copies of (a), (b), (c) and (d) and/or (e), where applicable, should be sent to the regional manager.

Note: Purchase agreements and other financial information is classified as restricted information and withheld from disclosure to the public under Section 21 of *The Freedom Of Information And Protection Of Privacy Act*.

#### **2.4.5 The Minister's/Deputy Minister's Decision**

- i) In the case of TFLs, the minister will review the information provided by the regional manager and other relevant factors and decide to:
  - (a) disallow the request; or,
  - (b) give approval in principle to the request subject to certain conditions.

In the case of WL's, the deputy minister will review the information provided by the regional manager and other relevant factors and decide to proceed as per (a) or (b) above.

#### **2.4.6 Informing the Licensee**

- i) **If the decision is to disallow the request for consent the process stops here.** If the decision is to approve the request in principle subject to one or more conditions the process moves to Section 2.4.7 below.

#### **2.4.7 Compliance with Conditions of Consent**

- i) Before the minister/deputy minister gives final consent to the proposed transaction the licensee must comply with all of the conditions set out in the approval in principle letter or accept them as future obligations. The licensee must notify the regional manager in writing when these conditions have been complied with. Where future obligations are involved, the licence document should be amended to include those obligations as contractual requirements.

- ii) When all of the conditions in the approval in principle letter have been complied with the regional manager will:
  - a) prepare two originals of the consent document;
  - b) prepare a briefing note to the minister/deputy minister recommending that the consent documents be signed; and,
  - c) attach a copy of the letters received from the licensee (confirming compliance with the conditions in the approval in principle letter) to (a) and (b) above and forward the package to the minister/deputy minister.

The consent document will normally be a letter of consent.

#### **2.4.9 Consent Given**

- i) The minister/deputy minister will sign the two consent documents and return them to the regional manager for any attachments and distribution. One original of the consent document is sent to the licensee and the transaction is complete.



### **3.0 Policy and Procedures for Processing Requests for Consent to the Disposition of an Interest in Private Land Subject to a Woodlot Licence (WL) (Section 54 of the Forest Act)**

#### **3.1 INTRODUCTION**

Woodlot Licences (WL) commonly contain parcels of private land owned by the licensee. These parcels of private land are managed in accordance with the terms and conditions of the licence. Periodically a WL holder wishes to keep the private land in the WL but change the ownership of that land. For example, frequently a WL holder wishes to share ownership of the private land with a wife or husband or a son or daughter for estate planning purposes. However, the disposition of an interest in private land subject to a WL requires the Minister of Forests prior written consent, as provided for in Section 54(1) (d) of the *Forest Act*.

Policy and Procedure for adjudicating requests for consent to dispose of an interest in private land subject to a WL are provided below. Also included are appendices providing guidelines for the preparation of applicable briefing notes, minister's letters and consent documents.

#### **3.2 DEFINITIONS**

Refer to Section 1.2 for definitions.

#### **3.3 POLICY**

##### **POLICY STATEMENT**

Scope	This policy addresses a request to dispose of an interest in private land that is subject to a WL, as provided for in Section 54(1) (d) of the <i>Forest Act</i> .
Policy	<p>Each request for consent to dispose of an interest in private land that is subject to a WL will be evaluated in a fair and consistent manner to determine whether the request would be in the public interest. The criteria used to carry out this evaluation will include, but not necessarily be limited to:</p> <ul style="list-style-type: none"><li>• the reason(s) for the request;</li><li>• the eligibility of the new party to hold a WL under the <i>Forest Act</i>;</li><li>• the potential effect on the stability and quality of management of the WL; and,</li><li>• the potential to increase the amount of private land in a WL e.g. will the new party(s) contribute additional private land to the WL;</li></ul>

Requests for consent to dispose of an interest in private land will normally only be approved if it can be shown that to do so would be in the interests of long term management of the WL and would be consistent with the goals of the WL program.

*Imposing Conditions*

When imposing conditions and requirements on consent, either given or deemed, the conditions or requirements must be reasonable.

*Processing Time*

The ministry will make every effort to process each request for the minister's consent in a timely manner. Where at all possible the time period between the date that a complete application is received from the transferor (licensee) and transferee and the date the decision is rendered (disallowance or approval in principle) will not exceed ninety days.

**References**

\* *Forest Act*

**3.4 PROCEDURES**

Procedures for processing requests for consent to dispose of an interest in private land in a WL are described below.

**Note:** The following procedures have been developed based on the precept that the Deputy minister retains the authority to process requests for consent to dispose of an interest in private land in a WL. However, in the event that this authority is delegated to the regional manager, the following changes in the interpretations of these procedures will be required:

- a) A reference to the deputy minister would become a reference to the regional manager; and,
- b) A reference to the regional manager would become a reference to the district manager.

**3.4.1 Preliminary Consultation**

- i) Before submitting a request for the deputy minister's consent to dispose of an interest in private land subject to a WL, it is recommended that the transferor (the party disposing of an interest in private land) and the transferee (the party obtaining an interest in the private land) contact the regional manager to discuss the process to be followed in preparing and submitting the request (application). This is also a good opportunity to explain to the licensee the benefits of obtaining legal advice on the proposal, particularly if it is of a complex nature.

### 3.4.2 Submitting the Application

i) The transferor and transferee, usually in a joint effort, will submit an application for consent to the Minister of Forests. This application should include enough information about the transferor and transferee and the proposed transaction to allow the minister to determine if the proposed transaction is consistent with policy objectives and warrants further consideration. To this end the application should include:

(a) A letter from the transferor requesting the minister's consent to the proposed transaction, which should contain:

- a description of the proposed transaction, including:
  - what the transaction involves and how it will be carried out;
  - a map of the WL showing the subject private land;
  - a legal description of the subject private land and its current ownership status; and,
  - the full name of the transferee and that party's relationship to the transferor.
- the transferor's reasons for the proposed transaction;
- the expected impact, if any, on the future management of the WL;
- the perceived advantages of the proposed change to the Crown; and,
- the name, position and telephone number of the transferor's contact person.

(b) A letter from the transferee requesting the minister's consent to the proposed transaction, which should contain:

- a description of the proposed transaction;
- the transferee's full name, citizenship, place of permanent residence and relationship to the transferor;
- the transferee's reasons for the proposed transaction;
- confirmation that the transferee is eligible under the *Forest Act* and ministry policy to hold a WL licence;
- a summary of the transferee's training and experience in forest management;
- the perceived advantages of the proposed transaction to the Crown; and,
- the name, position and telephone number of the transferor's contact person.

c) A copy of the current State of Title Certificate for the subject private land (proof of ownership) and where that private land is leased, a copy of the lease agreement.

ii) Copies of a), b) and c) above should be sent to the regional manager.

(a) give approval in principle to the request subject to certain conditions.

#### **3.4.5 The Deputy Minister's Decision**

- i) The Deputy Minister will review the information provided by the regional manager and other relevant factors and decide to:
  - (a) disallow the request; or,
  - (b) give approval in principle to the request subject to certain conditions.

#### **3.4.6 Informing the Transferor and Transferee**

- i) **If the deputy minister's decision was to reject the request for consent, the process stops here.** If the decision was to approve the request in principle subject to certain conditions, the process moves to Section 3.4.7 below.

#### **3.4.7 Compliance with Conditions of Consent**

- i) Before the deputy minister gives final consent to the proposed transaction the transferor and transferee must comply with all of the conditions set out in the approval in principle letter or accept them as future obligations. The transferor and transferee must notify the regional manager in writing when these conditions have been complied with and/or accepted. Where future obligations are involved, the licence document should be amended to incorporate those obligations as licence conditions.

#### **3.4.9 Consent Given**

- i) The deputy minister will sign the two consent documents and return them to the regional manager for any attachments and distribution. One original of the consent document is sent to the transferor with a copy to the transferee and the transaction is complete.

## **Guidelines for Conducting a Public Meeting**

The following sequence of steps provide some guidance as to how to conduct a public meeting held to solicit public input on a request for the Minister of Forest's consent to transfer control of one or more timber harvesting agreements. An example of a chairperson's speaking notes, which reflect these steps, is provided in Appendix 1-4A.3.

### **Step 1**

The regional project coordinator and the public meeting coordinator should arrive at the meeting place far enough in advance of the meeting time to ensure that the physical support is in place and is functioning as intended e.g. tables, chairs, sound system, recording system, coffee (if applicable) projectors, screens, background information, name tags for officials, heating/cooling system, etc.

### **Step 2**

The public meeting coordinator will welcome the people as they enter the hall/room where the public meeting is being held. He or she will request that each person sign the register of attendees, respond to any questions about the meeting and point out where information on the subject of the meeting can be found. e.g. handouts, maps, etc.

### **Step 3**

The chairperson will open the meeting by:

- Introducing himself/herself;
- welcoming the people at the meeting on behalf of the Minister of Forests;
- stating the purpose of the meeting, including a brief description of the proposed transaction;
- relating the purpose of the public meeting to the above process i.e. to give people an opportunity to have direct input into the decision-making process; and,

### **Step 4**

The chairperson will explain how the meeting will be conducted. This will include introductions for the representatives of the transferor and transferee and the Ministry of Forests staff that are participating.

Step 5

The chairperson shall then request the transferor to make a presentation to the meeting. (The transferor will have been instructed as to what to include in its presentation in a previous letter from the minister.).

Step 6

Next the chairperson shall request the transferee to make a presentation to the meeting. (The transferee will have been instructed as to what to include in its presentation in a previous letter from the minister.).

Note: The order in which the above presentations are given is ultimately up to the chairperson.

Step 7

The chairperson will then open the floor for questions or comments. Speakers must state their name, place of residence, occupation and who they represent. Each speaker is asked to limit their speaking time to not more than five minutes and direct their comments and questions to the chair.

Step 8

Following the last question or comment from the floor, the chairperson will remind the meeting as to where written submissions can be sent and the deadline date for receipt of those submissions.

Step 9

The chairperson will thank all of those in attendance and adjourn the meeting.

## APPENDIX 1-4A.3

### Speaking Notes for the Public Meeting Chairperson

#### (Example)

Following is one example of a format for speaking notes that the public meeting chairperson can use to conduct a public meeting.

**Good evening Ladies and Gentlemen.**

**My name is \_\_\_\_\_. I am the MLA for \_\_\_\_\_.**

**I am chairing this meeting on behalf of the Minister of Forests and on behalf of the Minister I would like to welcome you and thank you for taking the time to participate in this public process.**

**The purpose of this meeting is to provide an opportunity for public discussion on a proposed transaction that would see \_\_\_\_\_ (summarize proposed transaction) \_\_\_\_\_.**

**I have been asked by the Minister of Forests to listen to your comments, concerns and questions on the proposed transaction and report back to him.**

**In considering whether to give or withhold his consent to the proposal, under Section 54 of the *Forest Act*, the Minister of Forests will consider both the interests of the parties seeking his consent and the interests of the Province at large. By providing an opportunity for public input, this meeting will help to define the public interest from the perspective of the communities that could be affected the most.**

**Following the completion of this public meeting a report will be prepared for the Minister of Forests. The report will summarize all of the public opinion/comments received and will make recommendations regarding the proposed transaction. This report will represent an important source of information to be used by the Minister of Forests in his deliberations.**

**If the Minister gives his consent, the Crown will recover 5% of the allowable annual cut of the replaceable agreements involved in the transaction and 5% of the value of any timber licences involved in the transaction. (Reference to the second 5% figure is only relevant if one or more timber licences are involved). A separate decision would then have to be made by the Minister regarding the disposition of the AAC recovered by the Crown.**

**Finally, a word about how tonight's meeting will proceed.**

**1. (the transferor) will give a presentation on the proposed transaction.**

**Representing (the transferor) tonight are:**

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2. (the transferee) will follow with a presentation on the proposed transaction.

Representing (the transferee) tonight are:

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3. I will then open the floor for comment, suggestions and questions from the public. In this regard I would like to point out that there is a transcript recording of these proceedings taking place in order to ensure that all comments, suggestions and questions are captured in the context in which they were intended.

To make the meeting as informative as possible staff members from the Ministry of Forests are available to respond to technical questions concerning the proposed change of control.  
In attendance are:

Victoria

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Regional Office

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District Office(s)

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**Legal Services Branch (MAG)**

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For those who will be speaking, please limit your speaking time to not more than 5 minutes so that all who wish to speak have an opportunity to do so. If possible, please provide me with a written copy of your presentation, preferably prior to or just after speaking.

I would also ask the speakers to restrict their comments to the subject of this meeting - the proposed acquisition of (the transferor's assets) by (the transferee) - and to please direct their comments and questions to the chair.

I will now ask the representatives from (the transferor) to make their presentation.

**XXX PRESENTATION XXX**

Thank you.

I will now ask the representatives from (the transferee) to give their presentation.

**XXX PRESENTATION XXX**

Thank you.

The floor is now open for public discussion. I would ask each speaker to please give your name, place of residence, occupation and the group that you represent, if any.

**XXXXX PUBLIC DISCUSSION XXXXX**

Are there any further comments:

Should anyone wish to follow this meeting with further written submissions, the deadline for receipt of those submissions is \_\_\_\_ (date) \_\_\_\_\_. These submissions can be forwarded to my attention at \_\_\_\_\_ (address) \_\_\_\_\_. When making written submissions, please send a copy to the regional manager at \_\_\_\_\_ (address) \_\_\_\_\_.

Again, on behalf of the Minister of Forests and Ministry of Forests staff, I would like to thank all of you for taking the time to attend this meeting. Your participation is an extremely important part of the decision making process.

I now declare the meeting adjourned.  
Good evening.

**APPENDIX 1-5A.1**

**Province of British Columbia  
Ministry of Forests**

**JOINT DECLARATION OF THE TRANSFEROR AND TRANSFEREE**

Canada )  
Province of British Columbia )  
Columbia )  
TO WIT: )

IN THE MATTER OF the Forest Act, and  
Amendments thereto and Regulations  
Issued Thereunder

AND in the matter of the purported transfer or assignment of \_\_\_\_\_  
\_\_\_\_\_ (tenure name & number)

We \_\_\_\_\_ of the first part  
\_\_\_\_\_ (Company Name)

and \_\_\_\_\_ of the second part  
\_\_\_\_\_ (Company Name)

Jointly do solemnly declare that:

1. \_\_\_\_\_ is the transferor  
and \_\_\_\_\_ is the transferee

and we are the parties described in the within or attached transfer or assignment.

2. We have personal knowledge of the facts herein declared.
3. The total consideration received by the transferor or assignor under the transfer or assignment consists of the items listed in Column 1 and the true market value of each item is shown opposite thereto in Column 2 and the actual value to be paid is set out in Column 3.

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
1. Deposit	\$.....	\$.....
2. Equipment	\$.....	\$.....
3. Roads	\$.....	\$.....
4. Buildings	\$.....	\$.....
5.		
6. TOTAL	\$_____	\$_____

4. We make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath, and by virtue of the Canada Evidence Act.

Severally DECLARED before me at the)

\_\_\_\_\_ of \_\_\_\_\_)  
in the Province of \_\_\_\_\_)  
this \_\_\_\_\_ day of \_\_\_\_\_)  
\_\_\_\_\_ A.D. \_\_\_\_\_)  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Transferor

\_\_\_\_\_  
Transferee

**APPENDIX 1-5A.2**

**ASSIGNMENT DOCUMENT**

THIS AGREEMENT made the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

BETWEEN:

OF THE FIRST PART

AND:

OF THE SECOND PART

WHEREAS:

- A. \_\_\_\_\_ and \_\_\_\_\_ are parties to an Asset Purchase Agreement made the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_. (the "Asset Purchase Agreement");
- B. Each of \_\_\_\_\_ and \_\_\_\_\_ is a party to certain agreements entered into under the *Forest Act* (British Columbia) as described in Schedule "A" attached hereto (the "Timber Agreements");
- C. Pursuant to the terms of the Asset Purchase Agreement \_\_\_\_\_ has agreed to assign the "Timber Agreements" described in Schedule "A" to \_\_\_\_\_ and;
- D. \_\_\_\_\_ and \_\_\_\_\_ have requested that the Minister of Forests consent to the assignment of the Timber Agreements to \_\_\_\_\_.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants contained herein and other good and valuable consideration the parties covenant and agree as follows:

- 1. \_\_\_\_\_ hereby assigns to \_\_\_\_\_ all of their respective right, title and interest in and to the Timber Agreements.
- 2. The assignment of the Timber Agreements under 1 above is subject to the Minister of Forests for British Columbia giving written consent to such assignment.
- 3. This Agreement will take effect as of \_\_\_\_\_ on the later of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ and the effective date of the consent of the Minister of Forests referred to in 2 above.
- 4. This Agreement is made pursuant to and subject to the provisions of the Asset Purchase Agreement.

5. This Agreement shall enure to the benefit of and be binding on the parties and their respective successors and assigns.
6. This Agreement is to be interpreted and the obligations of the parties hereunder are to be determined in accordance with the laws prevailing in British Columbia.
7. Each party will execute and deliver such further agreements and other documents and do such further acts and things as any party reasonably requests to evidence, carry out or give full force and effect to the intent of this Agreement.

EXECUTED by \_\_\_\_\_ and \_\_\_\_\_ as of the day and year first above-written.

THE CORPORATE SEAL of \_\_\_\_\_ )  
was hereunto affixed in the presence of: \_\_\_\_\_ ) C/S  
\_\_\_\_\_ )  
\_\_\_\_\_ )  
\_\_\_\_\_ )

THE CORPORATE SEAL of \_\_\_\_\_ )  
was hereunto affixed in the presence of: \_\_\_\_\_ ) C/S  
\_\_\_\_\_ )  
\_\_\_\_\_ )  
\_\_\_\_\_ )

This is page 2 of an Assignment made this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, to have effect as of the  
\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, between \_\_\_\_\_ and \_\_\_\_\_.

SCHEDULE "A"

(List of Agreements and Ancillary Permits)

## APPENDIX 1 - 8A

### AN OUTLINE OF THE BRITISH COLUMBIA LOGGING TAX ACT

#### **An Outline of the British Columbia Logging Tax Act**

The *Logging Tax Act* levies a tax of 10% on the net income derived from the utilization of forest resources from private or Crown land with the Province. Logging income is calculated using income tax rules for determination of net income. Logging tax is usually fully deductible as a credit from income taxes, if claimed within 3 years of filing the income tax return.

Each person who sells logs, standing timber, cutting rights, or who produces and sells products from their logs such as lumber, pulp, shakes, etc., is responsible to file an annual logging tax return. Tax is applied to the net logging income for the year after deduction of related operating expenses.

If the logs are manufactured into lumber, pulp, shakes, etc. a processing allowance may be deducted. The processing allowance is calculated as 8% of the cost of assets used to manufacture the logs into salable products. However, the allowance may not exceed 65% nor be less than 35% of the net income from the manufacture and sale of those products.

Return forms are available from the logging tax office and must be filed within 6 months of the end of the operator's business year-end. Communications should be addressed :

Income Taxation Branch,  
Parliament Buildings,  
Victoria, B. C.  
V8V 1X4

The logging tax office may also be reached by telephone at Victoria # 356-6372. Fax messages can be sent to Victoria # 953-3094.

Copies of the *Logging Tax Act* may be purchased on application to Crown Publications, 546 Yates Street, Victoria, B. C. V8V 1K8. Crown Publications may also be contacted by telephone at Victoria # 386-4636 or by Fax to Victoria # 386-0221.

## APPENDIX 1 - 9A

### FINANCIAL MANAGEMENT FOR PUBLIC MEETINGS

#### **Financial Management for Public Meetings**

##### **Overview**

When a licensee applies for the minister's prior written consent required under Section 54 of the Forest Act (the "Act"), the ministry may incur some expenses. These expenses are generally incurred when a public consultative process is required by the minister. The minister, when making this decision, must be assured that the social and economic needs of the communities and the public are considered. It is the responsibility of the licensee (transferor) to reimburse the ministry, the expenses associated to the public process.

Public involvement can vary in complexity from a notice in local newspapers to formalized public meetings.

Expenditures must meet the requirements of the *Financial Act* and the ministry's financial policy/standards.

##### **Expenditures**

Out of pocket expenses are additional costs, outside of the ministry's budgeted operations, associated with the public process. These include, but are not necessarily limited to, the contracted services of a technical writer, court recorder, advertising, ministry travel and business expenses (meeting rooms, audio equipment and miscellaneous rentals) for the public meeting.

##### **Revenue/Accounts**

A letter and invoice is prepared by the office of primary responsibility and forwarded to the transferor for payment. This letter should clearly list the expense items and their costs.

It is suggested that payment be made to the ministry by cheque so that the payment can be deposited and returned to the responsibility centre.

End.





## MINISTRY OF FORESTS

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Third Version, March 1, 2000 of  
Consent to Transfer - Procedures

# Consent to Transfer - Procedures

## CONSENT TO TRANSFER (Section 54 of the Forest Act)

### PROCEDURES

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## **1.0 Procedures for Processing Requests for Consent to Transfer Forest Tenures (Section 54 of the *Forest Act*)**

### **1.1 Introduction**

The rights to harvest Crown timber in the province are awarded to corporations and individuals under the following forms of “agreement”:

- a) forest licence, (FL)
- b) timber sale licence, (TSL)
- c) timber licence, (TL)
- d) tree farm licence, (TFL)
- e) pulpwood agreement, (PA)
- f) woodlot licence, (WL)
- g) free use permit, (FUP)
- h) licence to cut, (L/C)
- i) road permit, (RP);
- j) Christmas tree permit. (CTP) and,
- k) Community forest agreement (CFA)

A corporation or individual can also obtain or increase its timber harvesting rights by acquiring one or more agreements held by another corporation or individual. Typical transactions may include:

- the purchase of an agreement(s) (or an interest in it) that is held by another corporation or individual;
- the purchase of a corporation that holds an agreement(s) or the purchase of a corporation that controls a corporation that holds an agreement(s); and,
- the amalgamation of a corporation with another corporation that holds an agreement(s).

In each of these types of transactions the control of the agreement(s) is transferred from one party to another. As provided in Section 54 (1) a), b) and c) of the *Forest Act*, with some exceptions, these kinds of transactions require the Minister of Forests prior written consent.

Timber harvesting rights may also be transferred under the provisions of an estate. The transfer of control of an agreement or disposition, may be made by the transmission from the estate of a deceased person to the person’s personal representative and finally to a beneficiary. The transfer to a beneficiary also requires the minister’s prior written consent that an estate transfer is not automatic. The Minister can withhold consent in these cases where the transfer of control is deemed to be inconsistent with the *Forest Act* or, in the minister’s opinion, is not in the best public interest.

The exceptions for the need to obtain the minister's consent are:

- i) the disposition of an agreement made by way of security given in good faith;
- ii) the disposition of an agreement made on default of a debt security to the holder of that debt security, or to a trustee, receiver or receiver-manager of the holder of that debt security;
- iii) the disposition of an agreement made by way of transmission from the estate of a deceased person to that person's personal representative; and,
- iv) a change in or acquisition of control of a corporation that is caused by a transmission of shares in its capital from the estate of a deceased person to that person's personal representative.

For ii), iii) and iv) above, the *Forest Act* requires that notice must be provided to the minister within three months of the disposition or change in control.

The procedures dealing with the processing of requests for the minister's consent to the above transactions are provided below. Also included are appendices that provide guidelines to ministry staff for the preparation of briefing notes, letters, forms, notices and events and are an integral part of the aforementioned procedures.

When dealing with the subject of consent to transfer control of an agreement(s) the primary decision maker is the Minister of Forests. However, decision making authority can be delegated to the Deputy Minister and, for minor forms of agreement, authority may be delegated to a regional manager and/or district manager (Section 54(2) of the *Forest Act*).

**Processing Time** -- The ministry will endeavor to process each request for the minister's consent in a timely manner. Where possible, the time period between the date that a complete application is received from the transferor and transferee and the date the decision is rendered (either disallowance or approval in principle) will not exceed 120 days for those transactions where public input is solicited and 90 days for those transactions where public input is not solicited.

## 1.2 Definitions

For purposes of these procedures:

*“Category 1 Transactions”* are all major forms of licence as defined in section one of the *Forest Act* where:

- the disposition of a Tree Farm Licence (TFL), Forest Licence (FL), Timber Licence (TL) or Pulpwood Agreement (PA), or an interest in any of them;
- the change, or the acquisition or disposal, in one or a series of transactions, of control of a corporation that is the holder of a TFL, FL, TL, PA or Timber Sale Licence (TSL) or of another corporation that, directly or indirectly, controls that corporation; and,
- the amalgamation of a corporation that is the holder of a TFL, FL, TL, PA or TSL with another corporation.

*“Category 2 Transactions”* are all licences other than those defined in Category 1 and 2 type transactions where:

- the disposition of a Timber Sale Licence (TSL), Christmas Tree Permit (CTP), Licence To Cut (L/C) or Road Permit (RP), or an interest in any of them;
- the change, or the acquisition or disposal, in one or a series of transactions, of control of a corporation that is the holder of a CTP, L/C, or RP or of another corporation that, directly or indirectly, controls that corporation; and,
- the amalgamation of a corporation that is the holder of a CTP, L/C or RP with another corporation.

*“Category 3 Transactions”* are *Woodlot Licences* where:

- the disposition of a Woodlot Licence (WL), or an interest in it;
- the change, or the acquisition or disposal, in one or a series of transactions, of control of a corporation that is the holder of a WL or of another corporation that, directly or indirectly, controls that corporation; and,
- the amalgamation of a corporation that is the holder of a WL with another corporation.

*“District Manager”* means a district manager appointed for a forest district under the *Ministry of Forests Act*.

*“Legal Services Branch”* means the Legal Services Branch of the Ministry of Attorney General.

“*Minister*” means the Minister of Forests or a person or persons to whom the authority to give prior written consent requested under Section 54(1) of the *Forest Act* has been delegated.

“*Procedures*” means the logical sequence of tasks, or steps, that are recommended in support of a decision and implementation of that decision.

“*Regional Manager*” means a regional manager appointed for a forest region under the *Ministry of Forests Act* (or designate).

“*Transferee*” means a person or corporation that is gaining control of an agreement, or an interest in an agreement, as a result of a transaction.

“*Transfer*”, *Transfer of Control*” and “*Transactions*” are interchangeable and mean the change in control of an agreement as a result of:

- the disposition of an agreement or an interest in an agreement;
- the change, or the acquisition or disposal, in one or a series of transactions, of control of a corporation that is the holder of an agreement or of another corporation that, directly or indirectly, controls that corporation;
- the amalgamation of a corporation that is the holder of an agreement with another corporation; and,
- the disposition of an interest in private land in an area subject to a WL or TFL.

“*Transferor*” means the party that is giving up control of an agreement, or an interest in an agreement, as a result of a transaction.



### **1.3 Types of Transactions that require the prior written consent of the Minister of Forests**

- (i) the disposition of an agreement or an interest in an agreement;
- (ii) the change, or the acquisition or disposal, in one or a series of transactions, of control of a corporation that is the holder of an agreement or of another corporation that, directly or indirectly, controls that corporation; and,
- (iii) the amalgamation of a corporation, that is the holder of an agreement with another corporation.

Items (i), (ii) and (iii) above apply to transactions between any legal entities capable of holding property, including:

- individuals;
- partnerships;
- non-affiliated corporations;
- affiliated corporations;
- any combination of the above; and,
- a deceased person's personal representative and a beneficiary (estate administration).

Note: Although the 5% reduction in AAC and the Crown's recovery of 5% of the value of TL's, as provided for in Section 56 (1) and (5) of the *Forest Act*, does not apply to transactions between affiliated corporations, these transactions still require the minister's prior written consent.

The forms of agreement that Section 54(1) of the Forest Act applies to are:

- a) forest licence, (FL)
- b) timber sale licence, (TSL)
- c) timber licence, (TL)
- d) tree farm licence, (TFL)
- e) pulpwood agreement, (PA)
- f) woodlot licence, (WL)
- g) free use permit, (FUP)\*
- h) licence to cut, (L/C)
- i) road permit, (RP);,
- j) Christmas tree permit. (CTP) and
- k) Community forest agreement (CFA).

\* Due to the short term of an FUP, that is one year, it is recommended that a request for transfer be dealt with through cancellation of the existing permit and entering into a new FUP with the proponent.

## Consent to Transfer – Procedures

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The processing of requests for consent to transfer control of one or more agreements can differ depending on the method of transfer proposed and the form of agreement involved. Therefore, for purposes of developing procedures, transactions involving the transfer of control of agreements have been grouped into three categories. These categories are described in detail in Section 1.2.

Procedures for adjudicating requests for consent to all three categories of transaction, including those that involve the transfer of an agreement from the personal representative of a deceased person to a beneficiary, are provided below in both diagrammatic and text format.

### **1.3.1 CATEGORY 1 TRANSACTIONS** (TFL's, FL's, TL's, PA's and some TSL's)

This includes requests for the minister's consent to:

- the transfer of control of one or more Tree Farm Licences (TFL), Forest Licences (FL), Timber Licences (TL) or Pulpwood Agreements (PA), or an interest in them (This includes the transfer of control of an agreement from a deceased person's representative to a beneficiary);
- the transfer of control of one or more TFL's, FL's, TL's, PA's or Timber Sale Licences (TSL) as a result of the change in control of a corporation that holds the agreement(s) or another corporation that controls that corporation (This includes changes in control as a result of the transmission of shares in a corporation from a deceased person's personal representative to a beneficiary); and,
- the transfer of control of one or more TFL's, FL's, TL's, PA's or TSL's by the amalgamation of a corporation with another corporation that holds the agreements.

Refer to Figure 1 for a diagrammatic depiction of Category 1 procedures.

#### **1.3.1.1 Preliminary Consultation**

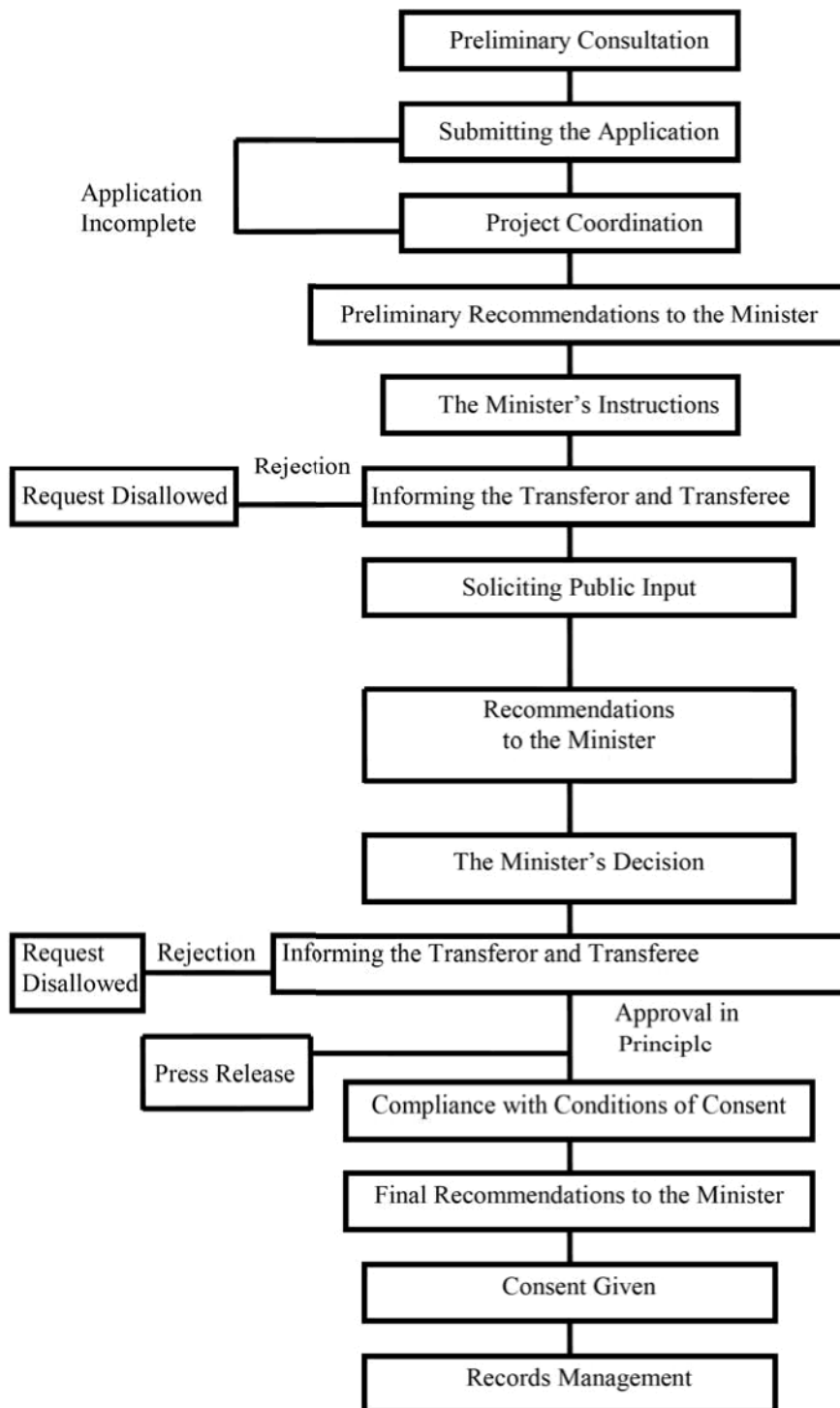
- i) Prior to the submission of a request for the minister's consent to the transfer of control of one or more agreements, it is advisable that the proponents requesting consent contact the appropriate Ministry of Forests officials to discuss the proposed transaction and to gain an understanding of the process involved, including how to prepare and submit an application. If the agreements are located in one forest region, this consultation should occur with the regional manager. If the agreements are located in more than one forest region, the consultation could occur with each regional manager or if it is more convenient, with the Director of the Resource Tenures and Engineering Branch (RTEB) in Victoria, or both. In the case of large transactions the transferor and transferee should be encouraged to have their legal counsel contact Legal Services Branch to discuss the legal aspects of the proposal.

#### **1.3.1.2 Submitting the Application**

- i) The transferor and transferee, usually in a joint effort, will submit an application for consent to the Minister of Forests. This application should include enough information about the transferor and transferee and the proposed transaction to allow the minister to determine if the proposed transaction is consistent with policy objectives and warrants further consideration. To this end, the application should include:
  - a) a letter from the transferor requesting the minister's consent to the proposed transaction which should contain;
    - a description of the transferor's timber harvesting operations, including:
      - . a list of Crown agreements, by TSA;

## Consent to Transfer – Procedures

FIGURE 1: PROCEDURES FOR PROCESSING REQUESTS FOR CONSENT TO CATEGORY 1 TRANSACTIONS



- . current Crown AAC total, by forest region;
  - . percent of annual log requirements that is secured (Crown agreements, private land or other sources) by forest region; and,
  - . employment created.
  - a description of the transferor's milling operations, including:
    - . mill location(s) and type;
    - . timber demand (required log input) by facility;
    - . log sources for each facility; and,
    - . employment created.
  - a description of the proposed transaction, including:
    - . the form of the transaction (single or a series of transactions) and the type of transaction (assignment, share transfer, etc.);
    - . the name of the transferee;
    - . a list of the Crown agreement(s) and ancillary permits involved;
    - . other assets involved in the transaction;
    - . the AAC of the replaceable Crown agreement(s) involved in the transaction, by forest region; and,
    - . a description of any private land involved in the transaction.
  - the transferor's reasons for the proposed transaction.
  - corporate information on the transferor, including:
    - . officers, directors and major shareholders (in the case of amalgamations, the share distribution and voting powers held by those shares);
    - . the name, country and ownership of any parent company or affiliates; and,
    - . and written confirmation that the current share structure will not change prior to receipt of consent.
  - a description of any formal or informal arrangements with other operators to purchase, sell or trade wood fibre that could be affected by the proposed transaction;
  - the expected direct and indirect effects of the proposed transaction on employment and community stability;
  - the perceived advantages of the proposed transaction to the Crown; and,
  - the name, position and phone number of the transferor's contact person for the proposed transaction.
- b) a letter from the transferee requesting the minister's consent to the proposed transaction which should contain;
- a description of the transferee's timber harvesting operations, including:
    - . a list of Crown agreements, by TSA;
    - . current Crown AAC total, by forest region;
    - . percent of annual log requirements that is secured (Crown agreements, private land, other) by forest region, before and after the proposed transaction; and,
  - . employment created.

- a description of the transferee's milling operations, including:
  - . mill location(s) and type;
  - . timber demand (required log input) by facility;
  - . log sources for each facility; and,
  - . employment created.
- a description of the proposed transaction, including:
  - . the form of the transaction (single or a series of transactions) and the type of transaction (assignment, share transfer, etc.);
  - . the full name of the transferor and transferee;
  - . a list of the Crown agreement(s) and ancillary permits involved;
  - . other assets involved in the transaction;
  - . the AAC of the replaceable Crown agreement(s) involved in the transaction, by forest region;
  - . total Crown AAC that would be held by the transferee after the proposed transaction (by forest region) and that volume expressed as a percent of the total AAC in the forest region; and,
  - . a description of any private land involved in the transaction.
- the transferee's reasons for the proposed transaction;
- corporate information on the transferee, including:
  - . officers, directors and major shareholders (in the case of amalgamations, the share distribution and voting powers held by those shares);
  - . the name, country and ownership of any parent company or affiliatesand written confirmation that the current share structure will not change prior to receipt of consent;
- confirmation that the transferee will comply with the terms and conditions of the agreements involved in the proposed transaction and fulfill any outstanding obligations associated with those agreements;
- in the event consent is given to the proposed transaction, the transferee's plans for minimizing impacts on:
  - . the transferor's current employees, staff and contractors;
  - . the operators that currently have fibre supply agreements with the transferor or otherwise have historically been dependent on the transferor as a source of selling, buying or trading wood fibre; and,
  - . the stability of the communities that are dependent on the transferor's operations.
- confirmation that the transferee understands and accepts that if consent is given to the proposed transaction the Crown AAC of any TFL and the AAC of any replaceable FL's or TSL's involved will be reduced by 5% and that 5% of the value of the timber remaining on each TL involved is payable to the Crown.
- the perceived advantages of the proposed transaction to the Crown; and,
- the name, position and phone number of the transferor's contact person for the proposed transaction.

- c) a duly executed and witnessed **joint declaration** of the transferor and the transferee (See Appendix 1-5A.1);
- d) a true copy of the Asset Purchase Agreement (assignments) or the Share Purchase Agreement (share transfers); and,
- e) in the case of the transfer of control of an agreement held in an estate, either through direct disposition or transmission of shares in a corporation, (d) above would not be required. However, in such cases the following documentation should be provided:
  - \* a true copy of the Letter of Probate identifying the executor; and,
  - \* a true copy of the Will, or if there is no Will, a Letter of Administration issued under the *Estate Administration Act of British Columbia*.

Copies of a), b), c) and d) or e) above should be sent to the appropriate regional manager(s). Where RTEB is directly involved in the processing of a transaction (more than one region involved) copies of all the above should also be sent to the Director of that branch.

Note: Purchase agreements, joint declarations and other financial information that are submitted to the minister or a designate as the case may be, are deemed to be the property of the government, however, may be classified as restricted information, and withheld from disclosure to the public under Section 21 of *The Freedom Of Information And Protection Of Privacy Act*.

### 1.3.1.3 Project Coordination

- i) Immediately following receipt of the application, the regional manager (or managers if more than one region is involved) will contact RTEB to discuss the process to be followed to process the request for consent. These discussions will produce agreement on:
  - matters of policy (where clarification is required);
  - the Office of Primary Responsibility (OPR) for the project. This would include the responsibility for reviewing the application for completeness, for acknowledging the application on behalf of the minister, for distributing copies of the application to the appropriate persons and for preparing briefing notes and letters required by the minister as part of the adjudication process. (Normally, the regional manager will carry out these tasks when only one region is involved. When more than one region is involved the regional managers may ask RTEB to be the OPR or at least share in some of these responsibilities.)
  - the staff members designated to act as regional project coordinator (RPC) and headquarters project coordinator (HPC);
  - the method of public involvement to be recommended; and,

- where public meetings are to be recommended, the suggested locations and dates of the meetings and the recommended meeting chairperson.

ii) The two most common options for soliciting public input are:

- a) to hold a public meeting (and where necessary private stakeholder meetings) in the communities that stand to be affected the most by the proposed transaction; or,
- b) to place notices of the proposed transaction in local newspapers to inform the public and stakeholders of the proposed transaction and to solicit written input. (Appendix 1-1A.2).

Option (a) would normally be recommended in those cases where the proposed transaction could have a significant adverse impact on existing employment levels, the stability of one or more communities, the position of others in the forest industry; (contractors, suppliers, small operators) or the overall public interest.

Option (b) would normally be recommended in case of transactions where the potential for the above impacts are less apparent but the opportunity for public input is still considered warranted.

### **1.3.1.4 Preliminary Recommendations to the Minister**

i) Where the agreements are in one region, the regional manager will prepare a briefing note on the proposed transaction for the minister (Appendix 1-2A.1) recommending either rejection of the request for consent or that the minister solicit public input on the proposed transaction. For ease of reference, copies of the transferor and transferee's letters requesting consent should be appended to the minister's briefing note. If the briefing note to the minister recommends proceeding to the public involvement stage in the adjudication process, it should also include recommendations regarding:

- the method of soliciting public/stakeholder input;
- the location and dates for public meetings, where applicable; and,
- the chairperson for those meetings.

The regional manager may request the RTEB to review a draft of the briefing note before it is forwarded to the minister.

ii) Where the agreements proposed for transfer are located in more than one forest region, the regional managers may request the HPC and the RPC's to prepare the above mentioned briefing note for the Minister of Forests (Appendix 1-2A.1). The HPC will be responsible for ensuring that the briefing note is complete and accurate



and forwarding it to the Minister of Forests, with copies to the affected regional managers.

### **1.3.1.5 The Minister's Instructions**

- i) Following a review of the staff's briefing note and other relevant information the minister will issue instructions to the regional manager (where the agreements proposed for transfer are confined to one region) or RTEB (where the agreements span more than one region). These instructions will usually:
  - (a) confirm that the request for consent is being disallowed because it is not in the public interest (and/or other reasons); or,
  - (b) confirm that the request for consent warrants further consideration and to further direct the ministry to proceed to the public involvement stage. The minister will also give direction on:
    - the method of soliciting public input to be used; and,
    - where public meetings are to be used, the locations, dates and times of the meetings and the name of the official (usually the Parliamentary Secretary to the Minister of Forests) that will chair the meetings.

### **1.3.1.6 Informing the Transferor and Transferee**

- i) On receipt of the minister's instructions, the regional manager, or RTEB (where the agreements span more than one region) in consultation with the affected regional managers, will prepare the following letters;
  - (a) In the event the minister's rejects the request for consent, letters for the minister's signature to the transferor and the transferee apprising them of the decision and the reasons on which the decision was based; or,
  - (b) In the event that the minister is prepared to give further consideration to the request for consent, letters to the transferor and transferee apprising them of the minister's decision and the next step in the process (Appendix 1-3A.2). Where public meetings will be held, letters will also have to be prepared for the minister's signature and sent to:
    - stakeholder groups with an expected or known interest in the proposed transaction apprising them of the plan to hold public meetings and asking them if they wish a private meeting (Appendix 1-3A.6), and
    - the person(s) that the minister wants to conduct the public meetings (Appendix 1-3A.1).

### **1.3.1.7 Soliciting Public Input**

- i) Where public meetings are the primary method of soliciting public input the regional manager in whose forest region the meetings are being held is responsible for:
- advertising the meetings; (Appendix 1-1A.1)
  - ensuring that the meeting dates, itinerary, including transportation, are arranged;
  - ensuring that technical and administrative support is provided to the person(s) conducting the meetings;
  - providing factual background information for use by those attending the public meetings;
  - coordinating, summarizing and disseminating any written submissions
  - participating in the meetings; and,
  - incorporating any issues or concerns identified at the public meetings (and other sources) in his or her report (Section 1.3.1.8 below).
- ii) Where the method of public involvement to be used is a notice in local newspapers the regional manager will be responsible for the content and timely scheduling of the notices and for recording and summarizing the input received. Following the placement of the last notice the public should be given a minimum of three weeks to respond, with longer periods allowed where the regional manager determines that local interest warrants it. Depending on the interest shown in the proposed transaction as a result of the newspaper notices, the regional manager may decide to hold meetings with the public and/or stakeholder groups if this is considered necessary to provide more information to the public/stakeholders or to obtain a clear understanding of the issues and concerns related to the proposed transaction.
- iii) The costs of soliciting public input incurred by the Ministry that are outside the scope of normal expenditures (would not have been incurred if the request for consent had not been made) are the responsibility of the transferor. More information on this subject is provided in Appendix 1-9A.

### **1.3.1.8 Recommendations to the Minister**

- i) Following the public involvement process the minister will receive two reports dealing with the request for his consent to the transaction:
1. A report from the person or persons who convened the public meetings, containing a summary of the input received as a result of the public/stakeholder meetings and other sources and recommendations on whether or not the minister should give his consent to the proposed transaction. Where consent is recommended, the report may also recommend conditions to be imposed on that consent.

2. A report from the regional manager (if the proposed transaction is confined to one region) or RTEB done in consultation with the regions (if the proposed transfer spans two or more forest regions) in the form of a second briefing note, making recommendations as to whether or not the minister should give his consent and if so, what conditions should be imposed on that consent (Appendix 1-2A.2).

The above two reports are normally produced independently.

### **1.3.1.9 The Minister's Decision**

- i) The minister reviews the chairperson's report on public/stakeholder input, the briefing note prepared by the regional manager (or RTEB) and all other relevant information at his disposal and then makes a decision to:
  - (a) disallow the request for consent; or,
  - (b) approve the request for consent subject to certain conditions he may wish to impose on that consent.

The Minister's decision may be conveyed to the regional manager(s) and RTEB in a meeting arranged to discuss the decision or in written instructions.

### **1.3.1.10 Informing the Transferor and Transferee**

- i) The regional manager (or RTEB, as appropriate), with advice from the Legal Services Branch where required, will prepare;
  - (a) the disallowance letter; or,
  - (b) the approval in principle letter (Appendix 1-3A.3).

to the transferor and the transferee and forward them to the minister for signature.

### **1.3.1.11 Press Release**

- i) Immediately after the transferor and transferee have been informed of the minister's decision, the Regional Manager (or RTEB), in consultation with the Ministry's Public Affairs Branch, will prepare a press release for the Minister's approval informing the public of his decision. (Appendix 1-1A.3)

**If the decision is to disallow the request for consent the process stops here.** If the decision is approval in principle the process moves to Section 1.3.1.12 below.

**1.3.1.12 Compliance with Conditions of Consent**

- i) Before final consent to the proposed transaction will be forthcoming from the minister all of the conditions set out in the approval in principle letter must either have been complied with or accepted by the transferor/transferee in writing as future obligations. The transferor and transferee must notify the regional manager in writing when these conditions have been met or have been accepted as future obligations. Where future obligations are involved, the licence document(s) should be amended to include these obligations as contractual requirements.

**1.3.1.13 Final Recommendations to the Minister**

- i) When all of the conditions in the approval in principle letter have been complied with or accepted as future obligations, the regional manager will:
  - a) in consultation with the Legal Service Branch, prepare the consent document;
  - b) prepare a final briefing note to the minister recommending that the consent document be signed; and,
  - c) attach a copy of the letters received from the transferor and/or transferee, (confirming compliance with the conditions in the minister's approval in principle letter) to (a) and (b) above and forward the package to the minister.

In the case of an assignment the minister's consent document will normally be a consent form (FS 538) with attachments (Schedule "A" containing a list of the agreements and Schedule "B" containing conditions of consent) (Appendix 1-5A.3). In the case of a share transfer or an amalgamation the consent document will normally be a letter of consent (Appendix 1-5A.4).

**1.3.1.14 Consent Given**

- i) The Minister will sign the consent document and forward it to the transferee.
- ii) The regional manager will ensure that, in the case of an assignment, the duplicate original of the agreement(s) being transferred, are sent to the transferee to complete the transaction and that any amendments to those agreements required as a condition of consent are formally completed.

**1.3.1.15 Records Management**

- i) The O.P.R. will be responsible for making any changes to ministry corporate data bases or notifying others of the need for changes made necessary by the assignment of timber harvesting agreements, a change in control of a corporation or an amalgamation. Each regional office will be responsible to update FTAS corporate linkages, notes and AAC volume where they are the OPR of the forest agreement.
- ii) For record keeping purposes RTEB requires copies of the following documents for each Category 1 transaction that is processed.
  - a copy of the disallowance letter or the consent document; and,
  - copies of licence amendments (FS 3).
- iii) Unless determined otherwise, the regional manager will be the OPR (see Section 1.3.1.3) for these transactions and will be responsible for storing all confidential documents (related to a request for consent) that were provided to the ministry by the transferor or transferee and not returned.

### 1.3.2 CATEGORY 2 TRANSACTIONS (CTP's, L/C's, RP's and some TSL's)

This includes requests for the Minister's or designate consent to:

- the transfer of control of one or more TSL's, CTP's, L/C's or RP's, or an interest in them (This includes the transfer of control of an agreement from a deceased person's representative to a beneficiary);
- the transfer of control of one or more CTP's, L/C's or RP's as a result of the change in control of a corporation that holds the agreement or another corporation that controls that corporation (This includes the transfer of control of an agreement from a deceased person's representative to a beneficiary); and,
- the transfer of control of one or more CTP's, L/C's or RP's by the amalgamation of a corporation with another corporation that holds the agreement.

Refer to Figure 2 for a diagrammatic depiction of Category 2 procedures.

Note: The following procedures for category 2 transactions have been written on the basis that the minister retains the authority to adjudicate requests for consent. However, in the event that the Minister delegates this authority to the regional manager, e.g. for CTP's, L/C's, RP's and category 2 type TSL's, this delegation of authority will require the following changes in the interpretation of these procedures:

- a) A reference to the minister would become a reference to the regional manager; and,
- b) A reference to the regional manager would become a reference to the district manager (or other person designated by the regional manager).

#### 1.3.2.1 Preliminary Consultation

- i) Before submitting a request for the minister's consent to the transfer of control of one or more agreements it is preferable that the two parties that will be requesting consent contact the regional manager to apprise him or her of their intentions and to better understand the process involved, including how to submit an application. This is also a good opportunity to explain to the parties the advantages of getting legal advice, particularly for the more complex transactions.

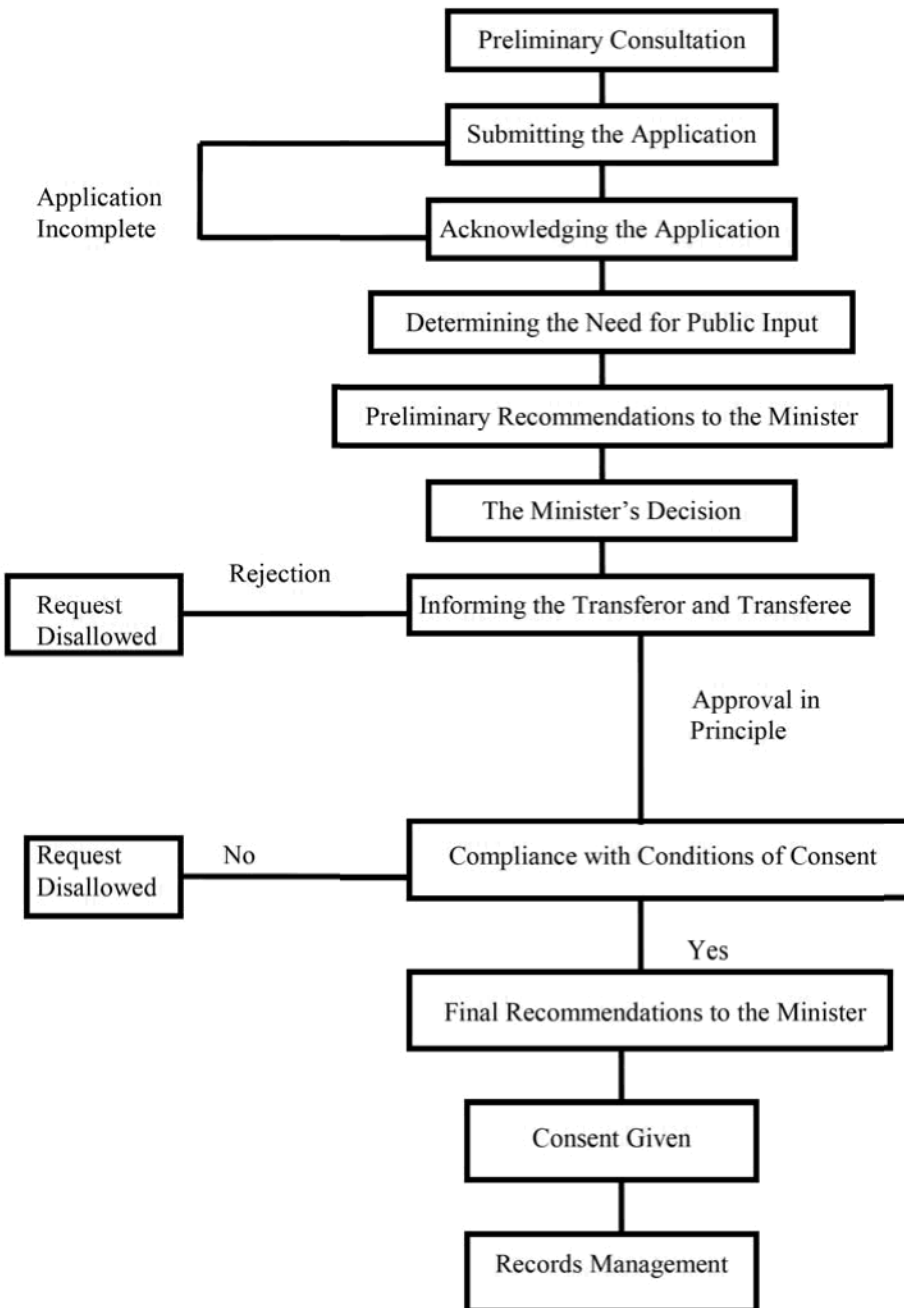
#### 1.3.2.2 Submitting the Application

- i) The transferor and transferee, usually in a joint effort, will submit an application for consent to the Minister of Forests. This application should include enough information about the transferor and transferee and the proposed transaction to allow the minister to determine if the proposed transaction is consistent with policy objectives and therefore warrants further consideration or is inconsistent with those objectives and should not receive his consent. To this end the application should include:

- a) a letter from the transferor requesting the minister's consent to the proposed transaction which should contain;
- a description of the proposed transaction, including:
    - . the type of transaction (assignment, share transfer, etc.);
    - . the full name of the transferor and transferee;
    - . the Crown agreement(s) and ancillary permits, if applicable, included in the proposed transaction;
    - . other assets, if any, included in the transaction;

## Consent to Transfer – Procedures

FIGURE 2: PROCEDURES FOR PROCESSING REQUESTS FOR CONSENT TO CATEGORY 2 TRANSACTIONS





## Consent to Transfer – Procedures

- the transferor's reasons for the proposed transaction;  
corporate information on the transferor, if applicable (in the case of amalgamations, the share distribution and the voting power of those shares);
  - the number of jobs affected by the proposed transaction;
  - any outstanding management obligations existing under the agreement(s) proposed for transfer;
  - perceived advantages of the proposed transaction to the Crown; and,
  - the name, position and phone number of the transferor's contact person for the proposed transaction.
- b) a letter from the transferee requesting the Minister's consent to the proposed transaction which should contain:
- a description of the proposed transaction, including:
    - . the type of transaction (assignment, share transfer, etc.);
    - . the transferee's full name, citizenship and permanent place of residence;
    - . the Crown agreement(s) and ancillary permits, if applicable, included in the proposed transaction; and,
    - . other assets, if any, included in the transaction.
  - the transferee's reasons for the proposed transaction;  
corporate information on the transferee, if applicable (in the case of amalgamations, the share distribution and the voting power of those shares);
  - a list of other Crown agreements held by the transferee, if any;
  - the verification of the transferee's legal eligibility to hold the subject agreement(s) and technical ability to manage the agreement(s) to Ministry of Forests standards;
  - a commitment to comply with the terms and conditions of the agreement(s) included in the proposed transaction, including any outstanding obligations;
  - the expected direct and indirect effects of the proposed transaction, if any, on employment;
  - the perceived advantages of the proposed transaction to the Crown; and,
  - the name, position and phone number of the transferee's contact person for the proposed transaction.
- c) a duly executed and witnessed **joint declaration** of the transferor and the transferee (See Appendix 1-5A.1);
- d) a true copy of the Asset Purchase Agreement (assignments) or the Share Purchase Agreement (share transfers); and,
- e) in the case of the transfer of control of an agreement held in an estate, either through direct disposition or transmission of shares in a corporation, (d) above would not be required. However, in such cases the following documentation should be provided:
- \* a true copy of the Letter of Probate identifying the executor; and,

- \* a true copy of the Will, or if there is no Will, a Letter of Administration issued under the *Estate Administration Act of British Columbia*.

Copies of a), b), c) and d) or e) above should be sent to the regional manager.

Note: Purchase agreements, joint declarations and other financial information are classified as restricted information and withheld from disclosure to the public under Section 21 of *The Freedom Of Information And Protection Of Privacy Act*.

### **1.3.2.3 Acknowledging the Application**

- i) The regional manager in the region in which the agreement(s) is located will:
  - acknowledge receipt of the application on behalf of the minister.
  - review the application for completeness;
  - request additional information from the transferor/transferee if required; and,
  - conduct field inspections as required.

Copies of the acknowledgment letter will be sent to the Minister, district manager and RTEB.

### **1.3.2.4 Determining the Need for Public Input**

- i) The regional manager will determine the need to solicit public input on the proposed transaction. Normally, since the transfer of control of a CTP, L/C, RP or small TSL seldom has any significant impact on employment, community stability, others in the forest industry (contractors, suppliers, other operators) or the overall public interest, there is usually no need to solicit public input. Where the solicitation of public input is required, it will normally take the form of a notice in the local newspaper(s) (Appendix 1-1A.2).
- ii) If the solicitation of public input is required, the regional manager will prepare the relevant notice and place it in the appropriate newspaper(s). The public should be given a minimum of three weeks from the date the last notice was placed in the newspaper(s) to submit written input to the regional manager. This period should be extended where warranted by local interest.
- iii) The regional manager will receive, record and summarize all public and stakeholder input.
- iv) The costs of soliciting public input incurred by the Ministry that are outside the scope of normal expenditures (would not have been incurred if the request for consent had not been made) are the responsibility of the transferor. More information on this subject is provided in Appendix 1-9A.

### **1.3.2.5 Preliminary Recommendations to the Minister**

- i) The regional manager will prepare:
  - a briefing note for the minister including a summary of public input, if applicable, recommending a decision (rejection or approval in principle subject to certain conditions) (Appendix 1-2A.4); and,
  - letters of rejection or approval in principle (Appendix 1-3A.4) to the transferor and transferee for the minister's signature as per the briefing note. Any questions on the wording or content to be included in these letters from a legal perspective should be discussed with the Legal Services Branch.
- ii) The regional manager will forward the following package to the Minister:
  - the briefing note;
  - the letters to the transferor and transferee; and,
  - a copy of the transferor and transferee's letters requesting the minister's consent.

The regional manager may request that RTEB review the briefing note and letters to the transferor and transferee before they are forwarded to the minister.

### **1.3.2.6 The Minister's Decision**

- i) The minister will review the information provided by the region and all other relevant information at his disposal and make a decision. That decision can be to disallow the request for his consent to the proposed transaction or to give approval in principle to the request for consent subject to certain conditions. These conditions can be those recommended by the regional manager and/or others specified by the minister.

### **1.3.2.7 Informing the Transferor and Transferee**

- i) If the letters to the transferor and transferee prepared by the regional manager and submitted with the briefing note are consistent with the minister's decision, the minister will sign them and forward them to the transferor and transferee. If the letters require modification, the minister will inform the regional manager who will make the necessary changes and return them to the minister for signature and forwarding to the transferor and transferee.

**If the decision is to disallow the request for consent the process stops here.** If the decision is approval in principle the process moves on to 1.3.2.8w.

### **1.3.2.8 Compliance with Conditions of Consent**

Before the minister will give final consent to the proposed transaction all of the conditions set out in the approval in principle letter must be complied with or accepted as future obligations. The transferor and transferee must notify the regional manager in writing when these conditions have been complied with where future obligations are involved, the licence document should be amended to include those obligations as contractual requirements.

### **1.3.2.9 Final Recommendations to the Minister**

- i) When all of the conditions in the approval in principle letter have been complied with the regional manager will:
  - a) prepare two originals of the consent document;
  - b) prepare a final briefing note to the minister recommending that the consent documents be signed; (Appendix 1-2A.5); and,
  - c) attach a copy of the letters received from the transferor and/or transferee (confirming compliance with the conditions in the minister's approval in principle letter) to (a) and (b) above and forward the package to the minister.

Any questions on the wording, content or format of the consent document should be discussed with the Legal Services Branch.

The minister's consent document will normally be a consent form (FS 538) (Appendix 1-5A.3) where an agreement is assigned or a letter of consent (Appendix 1-5A.4) in the case of a share transfer or an amalgamation. However, a letter of consent can also be used to give consent to an assignment.

### **1.3.2.10 Consent Given**

- i) The minister will sign the two consent documents and return them to the regional manager for any attachments and distribution.
- ii) One original of the minister's consent document is sent to the transferee and the transaction is complete. In the case of an assignment, the transferee also receives the duplicate original of the agreement(s) being transferred.

### **1.3.2.11 Records Management**

- i) The O.P.R. will be responsible for making any changes to ministry corporate data bases or notifying others of the need for changes made necessary by the assignment of timber harvesting agreements, a change in control of a corporation or an amalgamation. Each regional office will be responsible to update FTAS corporate linkages, notes and AAC volume where they are the OPR of the forest agreement.

- ii) For record keeping purposes RTEB requires copies of the following documents for each Category 2 transaction that is processed.
- a copy of the disallowance letter or the consent document; and,
  - copies of licence amendments (FS 3).
  - Unless determined otherwise, the regional manager will be the OPR for these transactions and will be responsible for storing all confidential documents (related to a request for consent) that were provided to the ministry by the transferor or transferee and not returned.

### 1.3.3 CATEGORY 3 TRANSACTIONS (Woodlots)

This includes requests for the minister's or designate consent to:

- the transfer of control of a Woodlot Licence (WL), or an interest in it (this includes the transfer of control of an agreement from a deceased person's representative to a beneficiary) and associated road permits;
- the transfer of control of a WL as a result of a change in control of a corporation that holds a WL or another corporation that controls that corporation (This includes the transfer of control of an agreement from a deceased person's representative to a beneficiary); and,
- the transfer of control of a WL by the amalgamation of a corporation with another corporation that holds a WL.

**Note:** For purposes of this section, it is assumed that the minister has delegated authority to the regional manager. If the minister has not delegated this authority "regional manager" means the minister.

Refer to Figure 3 for a diagrammatic depiction of Category 3 procedures.

#### 1.3.3.1 Preliminary Consultation

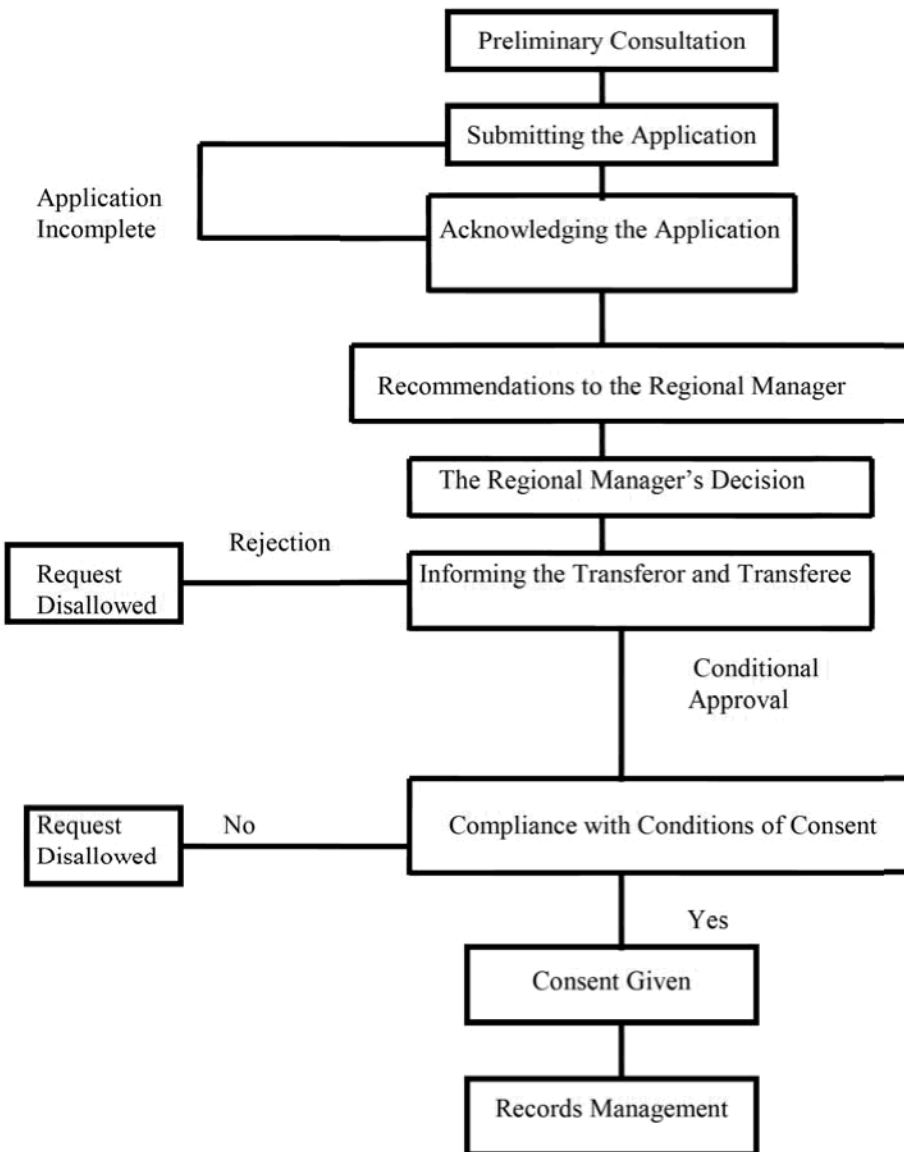
- i) Before submitting a request for the regional manager's consent to the transfer of control of a WL, it is preferable that the two parties that will be requesting consent contact the regional manager (or district manager) to discuss the proposed transaction and to better understand the process involved, including how to prepare and submit an application. (In the case of incorporation by a WL holder, although the legal entity will change, the transferor and transferee may be the same person[s]). This is also a good opportunity to explain to the parties the advantages of getting legal advice, particularly for the more complex transactions.

#### 1.3.3.2 Submitting the Application

- i) The transferor and transferee, usually in a joint effort, will submit an application for consent to the regional manager. This application should include enough information about the transferor and transferee and the proposed transaction to allow the regional manager to determine if the proposed transaction is consistent with policy objectives and warrants further consideration. To this end, the application should include:
  - a) a letter from the transferor requesting the regional manager's consent to the proposed transaction, which should contain;
    - a description of the proposed transaction, including:
      - . the type of transaction (assignment, share transfer, etc.);
      - . the full name of the transferor and transferee;
      - . the Crown agreement and ancillary permits included in the proposed transaction.

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### PROCEDURES FOR PROCESSING REQUESTS FOR CONSENT TO CATEGORY 3 TRANSACTIONS



- . other assets, if any, included in the transaction;
- the length of time the transferor has held the WL;

- the transferor's reasons for the proposed transaction;
  - corporate information on the transferor, if applicable, including officers, directors, major shareholders (in the case of an amalgamation, share distribution and the voting power of those shares) and written confirmation that the share structure will not change prior to receipt of consent;
  - a legal description and the name of the registered owner(s) of any Schedule "A" land that is subject to the woodlot licence;
  - confirmation that the proposed transaction includes all Schedule "A" land included in the woodlot licence (or otherwise);
  - the perceived advantages of the proposed transaction to the Crown; and,
  - the name, position and phone number of the transferor's contact person for the proposed transaction.
- b) a letter from the transferee requesting the regional manager's consent to the proposed transaction, which should contain;
- a description of the proposed transaction, including:
    - . the type of transaction (assignment, share transfer, etc.);
    - . the transferee's full name, citizenship, permanent place of residence and relationship to the transferor, if any;
    - . the agreement and ancillary permits included in the proposed transaction;
  - and,
  - . other assets, if any, included in the transaction.
  - the transferee's reasons for the proposed transaction;
  - corporate information on the transferee, if applicable, including officers, directors, major shareholders, affiliates (in the case of an amalgamation, share distribution and the voting power of those shares) and written confirmation that the share structure will not change prior to receipt of consent;
  - confirmation that the transferee is eligible under the *Forest Act* to hold the subject agreement(s) and technically qualified to hold and manage a woodlot licence
  - a commitment to comply with all administrative, contractual and statutory obligations as they relate to the woodlot licence;
  - the transferee's plans with respect to any private (Schedule "A") land currently part of the WL;
  - the perceived advantages of the proposed transaction to the Crown; and,
  - the name, position and phone number of the transferee's contact person for the proposed transaction.
- c) A duly executed and witnessed **joint declaration** of the transferor and the transferee. (Appendix 1-5A.1)
- d) a true copy of the Asset Purchase Agreement (assignments) or the Share Purchase Agreement (share transfers); and,



- e) in the case of the transfer of control of an agreement held in an estate, either through direct disposition or transmission of shares in a corporation, (d) above would not be required. However, in such cases the following documentation should be provided:
- \* a true copy of the Letter of Probate identifying the Executor; and,
  - \* a true copy of the Will, or if there is no Will, a Letter of Administration issued under the *Estate Administration Act of British Columbia*.

Copies of a), b), c) and d) or e) above should be sent to the district manager.

Note: Purchase agreements, joint declarations and other financial information are classified as restricted information and withheld from disclosure to the public under Section 21 of *The Freedom Of Information And Protection Of Privacy Act*.

### **1.3.3.3 Acknowledging the Application**

- i) The district manager in the forest district in which the agreement proposed for transfer is located will:
- acknowledge receipt of the application on behalf of the regional manager;
  - review the application for completeness;
  - request additional information from the transferor/transferee if required; and,
  - conduct field inspections as required.

Copies of the acknowledgment letter will be sent to the regional manager.

### **1.3.3.4 Recommendations to the Regional Manager**

- i) The district manager will forward the following package to the regional manager:
- the district manager's recommendations (rejection or approval subject to certain conditions); and,
  - a copy of the transferor and transferee's letters requesting the regional manager's consent.

### **1.3.3.5 The Regional Manager's Decision**

- i) The regional woodlot licence forester will:
- a) check for any moneys owed to the Crown (stumpage or annual rent);  
Note: the transferor must pay all debts (unless it is remaining as a licensee) and all outstanding accounts.
  - b) confirm whether or not the transfer fee has been paid;
  - c) confirm the ownership of any private land involved, lease agreements, assignment of management rights or other legal issues, if required; and,

- d) confirm with the district if any outstanding items need to be dealt with e.g. silvicultural surveys, reforestation obligations, etc.
- ii) The regional W/L forester will then prepare:
  - a briefing note for the regional manager recommending a decision (rejection or approval subject to conditions) (Appendix 1-2A.6);
  - letters to the transferor and transferee; and,
  - in the case of approval, two copies of a consent document.

The regional W/L forester may wish to have RTEB and/or Legal Services Branch review the above documents prior to submission to the regional manager.

- iii) The regional manager will review the information provided by the district, regional W/L forester and all other relevant information and make a decision. That decision can be to disallow the request for consent to the proposed transaction or to give approval to the request for consent subject to certain conditions. These conditions can be those recommended by the district manager and/or others as determined by the regional manager.

### **1.3.3.6 Informing the Transferor and Transferee**

- i) If the letters to the transferor and transferee submitted with the briefing note are acceptable, the regional manager will sign them and forward them to the transferor and transferee. If the letters require modification, the regional manager will inform the regional W/L forester who will have the necessary changes made (in consultation with the district manager) and return them to the regional manager for signature and forwarding to the transferor and transferee.

If the decision was to reject the request for consent the process stops here. If the decision was to give consent subject to certain conditions the process moves to Section 1.3.3.7.

### **1.3.3.7 Compliance with Conditions of Consent**

Before final consent to the proposed transaction will be forthcoming from the Regional Manager all of the conditions set out in the approval in principle letter must either have been complied with or accepted by the transferor/transferee in writing as future obligations. The transferor and transferee must notify the regional manager in writing when these conditions have been met or have been accepted as future obligations. Where future obligations are involved, the licence document(s) should be amended to include these obligations as contractual requirements.

### 1.3.3.8 Consent Given

- i) When all of the conditions of consent have been complied with the regional manager will:
  - a) issue one (1) original of the consent document to the transferee;
  - b) provide a copy of the consent document to the transferor;
  - c) provide a copy of the consent document to the district manager;
  - d) where required, direct the district manager to issue an FS 3 amendment to the WL; and,
  - e) in the case of an assignment, forward the licence document (and ancillary permits) to the transferee.

The regional manager's consent document will normally be a consent form (FS 538) (Appendix 1-5A.3) where an agreement is assigned or a letter of consent (Appendix 1-5A.4) in the case of a share transfer or an amalgamation.

### 1.3.3.9 Records Management

- i) The O.P.R. will be responsible for making any changes to ministry corporate data bases or notifying others of the need for changes made necessary by the assignment of timber harvesting agreements, a change in control of a corporation or an amalgamation. Each regional office will be responsible to update FTAS corporate linkages, notes and AAC volume where they are the OPR of the forest agreement.
- ii) For record keeping purposes RTEB requires copies of the following documents for each Category 2 transaction that is processed.
  - a copy of the disallowance letter or the consent document; and,
  - copies of licence amendments (FS 3).
  - Unless determined otherwise, the regional manager will be the OPR for these transactions and will be responsible for storing all confidential documents (related to a request for consent) that were provided to the ministry by the transferor or transferee and not returned.

**APPENDIX 1-1A**

**GUIDELINES FOR PREPARING MEDIA ADVERTISEMENTS AND  
PRESS RELEASES FOR TRANSFERS**

- APPENDIX 1-1A.1 - Media Advertisements for Public Meetings**
- APPENDIX 1-1A.2 - Newspaper Advertisements Soliciting Written Public Input**
- APPENDIX 1-1A.3 - Press Releases Informing the Public of the Minister's Decision**

**APPENDIX 1-1A.1**  
**Media Advertisements for Public Meetings**

**CONTENT GUIDELINES**

Media advertisements inform the public that the minister has received a request for his consent under Section 54 (1) of the *Forest Act* and that public meetings will be held to solicit public opinion on that request. These advertisements should include, but not necessarily be limited to, the following information:

- i) A brief description of the proposed transaction, including the names of the parties to the transaction, the number and general location of the agreements and other assets involved.
- ii) The need for the ministers prior written consent to the transaction (Section 54(1) of the Forest Act).
- iii) The purpose of the meeting;
  - to have the transferor and transferee explain the proposed transaction and the reasons for it; and,
  - to provide members of the public, particularly in the communities that stand to be affected the most, with an opportunity to give their opinion on the proposed transaction to the minister before a decision is made.
- iv) Information on the meetings;
  - location, date, time;
  - chairperson's name and title; and,
  - the fact that representatives from the transferor and transferee will be present to answer questions.
- v) Comments from the public will be recorded at the meetings and conveyed to the minister.
- vi) The deadline date and mailing address for those who wish to send written comments to the minister.
- vii) The name and phone number of a contact person in the event there are questions on the proposed transaction, the meetings or the adjudicating process.

**Note:** These advertisements should be prepared in consultation with the Ministry's Public Affairs Branch.

## **APPENDIX 1-1A.2**

### **Newspaper Advertisements Soliciting Written Public Input**

#### **CONTENT GUIDELINES**

Newspaper advertisements soliciting public input on requests for the minister's consent under Section 54 (1) of the *Forest Act* should contain, but not necessarily be limited to, the following information:

- i) A brief description of the proposed transaction, including the names of the parties to the transaction, the number and general location of the agreements and other assets involved.
- ii) The need for the ministers prior written consent to the transaction (Section 54(1) of the *Forest Act*).
- iii) The purpose of the advertisement - to provide members of the public with an opportunity to participate in the decision making process by expressing an opinion on the proposed transaction to the minister before he makes a decision.
- iv) The deadline date and mailing address for written comments.
- v) The name and phone number of a contact person if someone has any questions about the proposed transaction or the adjudication process.

Note: These advertisements should be prepared in consultation with the Ministry's Public Affairs Branch.

**APPENDIX 1-1A.3**

**Press Releases Informing the Public of the Minister's Decision**

**CONTENT GUIDELINES**

The press release explaining the minister's decision on a request for his consent under Section 54 (1) of the *Forest Act* should contain, as a minimum, the following information.

- a) A brief description of the proposed transaction.
- b) A brief description of the transferor and transferee and their operations.
- c) A description of the public involvement process used to solicit input and the key issues that emerged from that process.
- d) Any other key issues.
- e) State the minister's decision. In the case of disallowance, provide the reasons behind that decision. In the case of approval in principle, provide the reasons behind that decision and briefly discuss the conditions imposed on the minister's consent that are aimed at addressing the key issues.
- f) Summarize the benefits associated with the minister's decision.
- g) Attach a copy of the approval in principle letter.

Note: These press releases should be prepared in consultation with the Ministry's Public Affairs Branch.

**APPENDIX 1 - 2A**

**GUIDELINES FOR PREPARING REQUIRED BRIEFING NOTES**

- APPENDIX 1-2A.1 - Initial Briefing Note: Category 1 Transactions**
- APPENDIX 1-2A.2 - Second Briefing Note: Category 1 Transactions**
- APPENDIX 1-2A.3 - Final Briefing Note: Category 1 Transactions**
- APPENDIX 1-2A.4 - Initial Briefing Note: Category 2 Transactions**
- APPENDIX 1-2A.5 - Final Briefing Note: Category 2 Transactions**
- APPENDIX 1-2A.6 - Briefing Note: Category 3 Transactions**



**APPENDIX 1-2A.1**

**Initial Briefing Note To The Minister - Category 1 Transactions**

**(Section 1.3.1.3 In Procedures)**

**CONTENT GUIDELINES**

**I PREPARED FOR:**

The Minister

**II ISSUE:**

Request For The Minister's Consent To .....

**III BACKGROUND:**

- i) Summarize the proposed transaction, including the reasons for it (attach a copy of the transferor and transferee's letters requesting consent).
- ii) Reference the legislation applicable to the proposed transaction.
- iii) Provide a description of the transferor including:
  - replaceable agreements held, including AAC (by management unit);
  - volume held under other Crown agreements;
  - private timber holdings with estimated AAC;
  - AAC as a % of regional AAC;
  - corporate information, including officers, directors, ownership, affiliates, etc.;
  - % of annual log requirements secured (Crown agreements, private land or fibre supply agreements);
  - description of processing facilities (type, location, annual fibre requirements); and,
  - summarize employment by logging (company and contractors), milling and other.
- iv) Provide a description of the transferee including:
  - agreements held, including AAC (by management unit);
  - private timber holdings with estimated AAC;
  - AAC as a % of regional AAC;
  - corporate structure, including affiliates;
  - % of annual log requirements that is secured (Crown agreements, private land or fibre supply agreements);

- description of processing facilities (type, location, annual fibre requirements); and,
  - summarize employment by logging (company and contractors), milling and other.
- v) Describe the transferee's position if the proposed transaction was to take place:
- AAC as a % of total regional AAC (by forest region); and,
  - % of annual log requirements that would be secured (Crown agreements, private land, fibre supply agreements, etc.) (by forest region).
- vi) Summarize possible public/stakeholder issues or concerns regarding the proposed transaction.

#### **IV DISCUSSION:**

The discussion should provide an evaluation of the proposed transaction, using the criteria set out in the transfer policy (and any other key factors) as focus points.

The discussion should also address the issue of whether or not input from the public and stakeholders is necessary to obtain a balanced evaluation of the proposed transaction (refer to policy).

#### **V OPTIONS:**

Options should include:

1. Reject the request for consent.
  2. Proceed to the public involvement stage of the adjudication process, including the method to be used e.g. public meetings or requests for written input
- Describe the advantages and disadvantages of each option.

#### **VI RECOMMENDATION:**

Recommend an option and give reasons. If public meetings are recommended include recommendations with respect to:

- who should conduct the meetings (e.g. MLA(s), etc.);
- where and when the meetings should be held; and,
- which stakeholder groups should be notified about the meetings directly (by letter).

**APPENDIX 1-2A.2**

**Second Briefing Note to the Minister - Category 1 Transactions**

**(Section 1.3.1.8 in Procedures)**

**CONTENT GUIDELINES**

**I PREPARED FOR:**

The Minister

**II ISSUE:**

Request For The Minister's Consent To.....

**III BACKGROUND:**

- Summarize the proposed transaction, including the reasons for it and reiterate the applicability of Section 54 (1) of the *Forest Act*.
- Remind the minister of his instructions that resulted from the initial briefing note (attach a copy of that briefing note for easy reference).
- Summarize the public involvement process and the key issues and concerns regarding the proposed transaction that emerged from it.
- Identify other key issues and concerns.

**IV DISCUSSION:**

Summarize the preliminary conclusions reached in the evaluation provided in the initial briefing note to the Minister regarding the proposed transaction and discuss whether or not those conclusions have changed as a result of the subsequent receipt of input on the proposed transaction from public meetings, stakeholders and others. Provide the reasons for any changes.

**V OPTIONS:**

Options should include:

1. Reject the request for consent.
2. Give approval in principle to the request subject to certain conditions.  
Describe the advantages and disadvantages for each option.

**VI RECOMMENDATION:**

- Recommend an option and give reasons.
- If approval in principle is recommended, list the special conditions that the minister should impose on his consent, (there is no need to include the standard conditions that are included in all approval in principle letters dealing with consent to transfer).

**APPENDIX 1-2A.3**

**Final Briefing Note to the Minister - Category 1 Transactions**

**(Section 1.3.1.13 in Procedures)**

**CONTENT GUIDELINES**

**I PREPARED FOR:**

The Minister

**II ISSUE:**

Request For The Minister's Consent To .....

**III BACKGROUND:**

- i) Briefly describe the proposed transaction (who, what, where and why).
- ii) Briefly describe the processing of the request for consent to date (attach a copy of the minister's approval in principle letter).
- iii) Inform the minister that the transferor and transferee have complied with (or have agreed to comply with in the case of future obligations) all of the conditions in the approval in principle letter (or otherwise) and attach letters received from the transferor and transferee confirming this.

**IV DISCUSSION: (Optional)**

The need for discussion will only exist if there is some issue that requires elaboration, e.g. the region now wishes to change its previous recommendations or the transferor/transferee cannot meet a condition in the approval in principle letter, etc.

**V OPTIONS: (Optional)**

As in the case with the DISCUSSION section above, the presentation of options is only required if some issue has emerged that brings into question whether or not consent to the proposed transaction should be given.

**VI RECOMMENDATION:**

Normally at this point the conditions in the approval in principle letter will have been complied with. Therefore, the recommendation to the minister will be to sign the consent document which will have been enclosed with this briefing note.

**APPENDIX 1-2A.4**

**Initial Briefing Note to the Minister - Category 2 Transactions**

(Section 1.3.2.5 in Procedures)

**CONTENT GUIDELINES**

**I PREPARED FOR:**

The Minister

**II ISSUE:**

Request For The Minister's Consent To .....

**III BACKGROUND:**

- i) Summarize the proposed transaction, including the reasons for it (attach a copy of the transferor and transferee's letters requesting consent for reference).
- ii) Reference the legislation applicable to the proposed transaction.
- iii) Provide a description of the transferor including:
  - Crown agreements held, with volumes/AAC's;
  - corporate information, if applicable, including officers, directors, ownership, affiliates, etc.;
  - processing facilities owned or operated, if applicable; and,
  - other relevant information.
- iv) Provide a description of the transferee including:
  - Crown agreements held, with volumes/AAC's;
  - corporate information, if applicable, including officers, directors, ownership, affiliates, etc.;
  - processing facilities owned or operated, if applicable;
  - eligibility (legal and policy) to hold the agreement(s) proposed for transfer; and,
  - qualifications for managing the agreement(s) proposed for transfer.
- v) Describe actions taken to solicit public input on the proposed transaction (if any) and the results.

**IV DISCUSSION:**

The discussion should provide an evaluation of the proposed transaction, using the criteria set out in the transfer policy (and any other key factors). Because the transfer of control of a TSL, CTP, L/C or RP is likely to have little impact on social and economic development, Crown revenues, or the overall health of the forest industry, the evaluation will usually (not always) focus on the reasons behind the request for consent, the transferees eligibility to hold the agreement, and the transferee's ability to manage the agreement(s) to Ministry standards and honour existing management commitments, if any.

**V OPTIONS:**

Options should include:

1. Reject the request for consent.
2. Give approval in principle subject to certain conditions.

**VI RECOMMENDATION:**

Recommend an option and give reasons. Enclose with the briefing note the appropriate letters to the transferor and transferee for the Minister's signature. If the recommendation is approval in principle ensure that all of the necessary conditions of consent are included in the approval in principle letter. (Appendix 1-3A.4).

**APPENDIX 1-2A.5**

**Final Briefing Note to the Minister - Category 2 Transactions**

(Section 1.3.2.9 in Procedures)

**CONTENT GUIDELINES**

**I PREPARED FOR:**

The Minister

**II ISSUE:**

Request For The Minister's Consent .....

**III BACKGROUND:**

- i) Briefly describe the proposed transaction (who, what, where and why).
- ii) Briefly describe the processing of the application to date (attach a copy of the minister's approval in principle letter).
- iii) Confirm that the transferor and transferee have complied with all of the conditions in the approval in principle letter (or otherwise).

**IV DISCUSSION: (Optional)**

The need for discussion will only exist if there is some issue that requires elaboration, e.g. the region now wishes to change its previous recommendations (provided in the initial briefing note) or the transferor/transferee cannot meet a condition in the approval in principle letter, etc.

**V OPTIONS: (Optional)**

As in the case with the DISCUSSION section above, the presentation of options is only required if some issue has emerged that brings into question whether or not consent to the proposed transaction should be given.

**VI RECOMMENDATION:**

Normally at this point the conditions in the approval in principle letter will have been complied with. Therefore, the recommendation to the minister will be to sign the consent document (two originals), which will have been enclosed with this briefing note.



**APPENDIX 1-2A.6**

**Briefing Note to the Regional Manager - Category 3 Transactions**

(Section 1.3.3.4 in Procedures)

**CONTENT GUIDELINES**

**I PREPARED FOR:**

The Regional Manager

**II ISSUE:**

Request For The Regional Manager's Consent To .....(include licence number, licensee name and forest district).

**III BACKGROUND:**

- i) Set the context for the briefing note by referring to the intent of Sections 54 (1) and (2).
- ii) Summarize the proposed transaction, including the reasons for it (attach copies of the letters from the transferor and transferee requesting consent for reference).
- iii) Reference the legislation applicable to the proposed transaction.
- iv) Provide a description of the transferor including corporate information, if applicable.
- v) Provide a description of the transferee including:
  - corporate information, if applicable;
  - private forest land holdings in the vicinity of the WL;
  - eligibility (legal and policy) to hold a WL; and,
  - qualifications to manage a WL, including any history of involvement in WL management.
- vi) The existence of any outstanding financial obligation with the Crown on the part of the transferor or transferee.
- vii) State the transferee's plans regarding the Schedule A land (purchase, lease).

**IV DISCUSSION:**

The discussion should provide an evaluation of the proposed transaction, using the criteria set out in transfer policy. Due to the relatively small scale of WL operations, the evaluation will usually focus on the reasons behind the request for consent, the transferee's eligibility to hold the WL, the transferees agreement and ability to honour existing commitments with respect to the WL, the potential impact on the management of the WL and the extent to which the proposed transaction will contribute to the WL program goals.

**V OPTIONS:**

Options should include:

1. Reject the request for consent.
2. Give approval to the request for consent subject to certain conditions.

**VI RECOMMENDATION:**

Recommend an option and give reasons. Enclose with the briefing note the appropriate letters to the transferor and transferee for the minister's signature. If the recommendation is approval, ensure that all of the necessary conditions of consent are included in the letters to the transferor and transferee. (Appendix 1-3A.4).

**APPENDIX 1-3A**

**GUIDELINES FOR PREPARING THE MINISTER’S LETTERS  
REGARDING TRANSFERS**

- APPENDIX 1-3A.1 - Letter Appointing Public Meeting Chairperson**
- APPENDIX 1-3A.2 - Letter Notifying Transferor and Transferee of Public Meetings**
- APPENDIX 1-3A.3 - Approval in Principle Letter: Category 1 Transactions**
- APPENDIX 1-3A.4 - Approval in Principle Letter: Category 2 Transactions**
- APPENDIX 1-3A.5 - Approval Letter (Regional Manager): Category 3 Transactions**
- APPENDIX 1-3A.6 - Letter Notifying Stakeholder Groups of Public Meetings**

**APPENDIX 1-3A.1**

**Letter Appointing Public Meeting Chairperson**

**CONTENT GUIDELINES (Example)**

Dear

In accordance with Section 54(1) of the *Forest Act* \_\_\_\_ (the transferor) \_\_\_\_ has requested my consent to \_\_\_\_ (brief description of the proposed transaction) \_\_\_\_.

In my view the proposed transaction could have significant social and economic impacts on some communities situated in the general area of the above mentioned operations. In such cases it is government policy to seek input on the proposed transaction from the public and stakeholders, particularly in those communities that stand to be affected the most. In this instance I have decided to hold public meetings and, where necessary, private meetings with stakeholder groups to achieve this objective.

In this regard I am requesting that you participate in this process as chairperson of the public meetings and, as required, the private stakeholder meetings. Following those meetings you will prepare a report summarizing the input received and providing recommendations regarding the proposed transaction.

I would suggest that you contact Ministry of Forests' staff in the \_\_\_\_ (name region) \_\_\_\_ Forest Region as soon as possible to arrange for a briefing on the proposed transaction and to discuss the details of how the public and stakeholder meetings will be organized and conducted.

The tentative schedule for the public meetings is as follows:

Location

Date

Starting Time

I greatly appreciate your assistance in the above matter and look forward to your report.

Your Ministry of Forests contact in the \_\_\_\_ (name region) \_\_\_\_ is \_\_\_\_ (name, title and

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phone number)\_\_\_\_. The headquarters contact in Victoria is \_\_\_\_ (name, title and phone number)\_\_\_\_\_.

Sincerely,

---

Minister of Forests

c.c. Regional Manager

c.c. Director, Resource Tenures and Engineering Branch

## **APPENDIX 1-3A.2**

### **Letter Notifying Transferor and Transferee of Public Meetings**

#### **CONTENT GUIDELINES**

These letters should contain, but not necessarily be limited to, the following information:

- a) The minister's decision to seek public input on the proposed transaction in public meetings and the reasons for that decision.
- b) The location, date and time of commencement of the public meetings.
- c) The person(s) (MLA) who will represent the minister at the public meetings and/or who will chair the meetings.
- d) A request to the transferor and transferee to present their proposals at the public meeting (30 minute time limit) and to be prepared to answer questions from the floor. These presentations should include:

#### Transferor

- i) Describe the company:
  - ownership, affiliates, etc.;
  - timber holdings (Crown and private) including AAC;
  - processing facilities (type and location);
  - employment; and,
  - products and markets.
- ii) Describe the proposed transaction including:
  - the type (assignment, share purchase, etc.);
  - what agreements and AAC is involved;
  - what private timber is involved; and,
  - what facilities are involved
- iii) Discuss the transferor's reasons for the proposed transaction.
- iv) Discuss any arrangements with the transferee regarding the protection of existing jobs within the transferee's operations.
- v) Discuss any arrangements with the transferee regarding the honouring of any existing commitments or agreements the transferor has made with other parties.
- vi) Discuss the transferor's future operational focus if the proposed transaction is approved.

### Transferee

- i) Describe the company:
    - ownership, affiliates, etc.;
    - timber holdings (Crown and private) including AAC;
    - processing facilities (type and location);
    - employment; and,
    - products and markets.
  - ii) Describe the proposed transaction including:
    - the type (assignment, share purchase, etc.);
    - what agreements and AAC is involved;
    - what private timber is involved; and,
    - what facilities are involved
  - iii) Discuss the transferee's reasons for the proposed transaction.
  - iv) Discuss the expected impact of the proposed transaction on existing jobs within the transferee's existing operations and those to be acquired from the transferor (company employees, contractors, milling, other).
  - v) Discuss the expected impact of the proposed transaction on existing commitments or agreements between the transferor and other parties.
  - vi) Explain how the transferor's operations (those being transferred) will be incorporated into those of the transferee, with particular attention to milling.
- e) A request to have private meetings with the transferor and the transferee prior to the initial public meeting (specify date and time if possible).
  - f) A request for the transferor's written agreement, regardless of the final decision, to reimburse the Province for the expenses incurred in conducting the public meetings, including the costs of renting meeting rooms, hiring a court reporter and travel for ministry staff who participate in the public meetings.
  - g) The name of a Ministry of Forests contact person that the transferor or transferee can contact if any questions arise.

## **APPENDIX 1-3A.3**

### **Approval in Principle Letter: Category 1 Transactions**

#### **CONTENT GUIDELINES**

All approval in principle letters for Category 1 transactions will contain a number of standard conditions and will also normally contain a number of special conditions that are only applicable to the transaction in point. These conditions include, but are not necessarily limited to, the following:

#### **1. STANDARD CONDITIONS**

a) The transferor must:

- i) reimburse the Province (or agree in writing to do so if the total costs have not been determined) for the costs incurred in convening public meetings to solicit public input on the proposed transaction;
- ii) submit a letter (if not done at the application stage) acknowledging that the transaction may be subject to taxation under the *Logging Tax Act*;

b) The transferee must:

- i) agree in writing to fulfill all contractual obligations under the agreement(s) involved, including those that may be outstanding at the time of consent;
- ii) submit replacement security and/or performance deposits for all agreements being assigned;
- iii) agree in writing to pay current rental rates;
- iv) submit a transfer fee for each agreement being transferred or in the case of a share transfer or an amalgamation, a single transfer fee;
- v) produce proof of ownership of any private land subject to a TFL that is part of the transaction (if applicable);
- vi) unless other arrangements are made between the transferor and transferee, commit to make payment (5% of the value) for any timber licences, if applicable, within a time period to be specified by the Minister.
- vii) acknowledge that, where a TFL or replaceable FL or TSL is involved in the proposed transaction, a 5% reduction in the Crown AAC specified in those licences will occur if consent is given (Section 56 (1) of the *Forest Act*).
- viii)

c) The transferor and transferee must:



- i) meet Ministry requirements regarding their accounts with the Ministry (see below for the applicable scenario).

Scenario One: The control of one or more agreements is transferred between parties and both parties remain as Ministry clients;

- prior to consent, the transferor must pay all overdue amounts owing to the Ministry as of the effective date of the transaction,
- the transferor is liable for all invoices issued prior to the effective date of the transaction, and
- the transferee is liable for all invoices issued on and after the effective date of the transaction.

Scenario Two: The control of one or more agreements is transferred between parties and the transferor does not continue as a ministry client;

- prior to consent, the transferor must pay all amounts owing to the ministry, including all known Section 131 amounts owing to the ministry, as of the effective date of the transaction,
- the transferor is liable for all invoices issued prior to the effective date of the transaction, and
- the transferee is liable for all invoices issued on and after the effective date of the transaction.

Scenario Three: The control of a corporation holding one or more agreements changes and the corporation continues to exist;

- prior to consent, the transferor must pay all overdue amounts owing to the Ministry as of the effective date of the transaction.

Scenario Four: A corporation holding one or more agreements is purchased by another corporation and the former corporation no longer exists.

- prior to consent, the transferor must pay all amounts owing to the ministry, including all known Section 131 amounts owing to the ministry, as of the effective date of the transaction,
- the transferor is liable for all invoices issued prior to the effective date of the transaction, and
- the transferee is liable for all invoices issued on and after the effective date of the transaction.

- ii) In the case of an assignment (Section 54 (1) (a) of the *Forest Act*), must submit, prior to consent, a true copy of a completed assignment document (Appendix 1-5A.2) stating that:

- the assignment is subject to the Minister's consent; and,
- the assignment has an effective date that is no earlier than the effective date of the Minister's consent.

An **Affidavit of Execution** applicable to the assignment document must also be submitted.

Note: An assignment document is not required if:

- \* the transferor and transferee submitted a certified true copy of an asset purchase agreement applicable to the proposed transaction as part of the application for consent; or,
  - \* the proposed assignment of an agreement is from a deceased person's personal representative to a party named in a Will, providing a true copy of the Will, or in the absence of a Will, a Letter of Administration issued by the courts pursuant to the *Estate Administration Act of British Columbia* has been provided.
- iii) submit proof of affiliation where the proposed transaction is between affiliates (unless submitted earlier);
- iv) where the proposed transaction involves amalgamation, submit proof of amalgamation (a certified true copy of a court order permitting amalgamation) within 10 days of the date the order is issued;
- v) submit proof of incorporation (Certificate of Incorporation) within a time specified by the minister, where incorporation is an integral part of the proposed transaction (e.g. new corporation formed); and,
- vi) provide a true copy of the closing document(s) pertaining to the proposed transaction within 30 days of closing unless evidence of closing was incorporated in an assignment document, asset purchase agreement or share purchase agreement.

Note: The drafts of the asset purchase agreement and share purchase agreement required at the application stage of the process and the assignment document requested in the approval in principle letter will usually not contain final evidence of closing. When this is the case, separate final closing documents will be required for assignments and share transfers (but not amalgamations or estate transactions).

vii) acknowledge that:

- a) they fully understand the implications of Section 56 (7) of the *Forest Act* as it applies to the proposed transaction; and,
- b) the AAC in the management unit(s) affected by the transaction is under review and as a result the AAC of that unit(s) may be revised in the future.

Note: (b) above is only relevant where an AAC review has been or is being conducted and the impact of that review on the AAC of the management unit(s) is not known when the approval in principle letter is signed.

## 2. SPECIAL CONDITIONS

The minister will frequently impose special conditions on his consent. These conditions which are usually designed to minimize or avoid adverse impacts on employment and community stability, other operators and the health of the forest industry as a whole, can include commitments from the transferee to:

- job protection;
- continuity of logging and milling operations;
- maintenance of existing fibre flows;
- planning consultation;
- planning requirements;
- access agreements;
- land use agreements; and,
- other.

With respect to the above, conditions of consent that represent future obligations are more binding (have more enforcement options) when written into the agreements (licence documents) themselves than when simply included in the approval in principle letter i.e., have the transferee agree to have conditions that represent future obligations written into the licence(s).

Note: When preparing the approval in principle letter it is recommended that the Legal Services Branch be consulted to ensure that the content is appropriate from a legal perspective.

**APPENDIX 1-3A.4**

**Approval in Principle Letter: Category 2 Transactions**

**CONTENT GUIDELINES**

All approval in principle letters for Category 2 transactions will contain a number of standard conditions. These letters may also contain one or more special conditions that are only applicable to the transaction in point. These conditions include, but are not necessarily limited to, the following:

**1. STANDARD CONDITIONS**

a) The transferor must:

- i) submit a letter (if not done at the application stage) acknowledging that the transaction may be subject to taxation under the *Logging Tax Act*; and,
- ii) if required by the regional manager, surrender the agreement(s) and ancillary permits affected by the proposed transaction to the regional manager. In the case of lost documents a declaration of loss will be required.

b) The transferee must:

- i) agree in writing to fulfill all contractual obligations under the agreement(s) involved, including those that may be outstanding at the time of consent.
- ii) agree in writing to pay current rental rates.
- iii) submit replacement security and/or performance deposits for the agreement(s) being assigned.
- iv) submit a transfer fee for each agreement being transferred or in the case of a share transfer or an amalgamation, a single transfer fee.

c) The transferor and transferee must:

- i) meet ministry requirements regarding their accounts with the ministry (see below for the applicable scenario).

Scenario One: The control of one or more agreements is transferred between parties and both parties remain as ministry clients;

- prior to consent, the transferor must pay all overdue amounts owing to the ministry as of the effective date of the transaction,
- the transferor must pay all invoices issued prior to the effective date of the transaction, and
- the transferee must pay all invoices issued on and after the effective date of the transaction.

Scenario Two: The control of one or more agreements is transferred between parties and the transferor does not continue as a ministry client;

- prior to consent, the transferor must pay all amounts owing to the ministry, including all known Section 131 amounts owing to the ministry, as of the effective date of the transaction,
- the transferor must pay all invoices issued prior to the effective date of the transaction, and
- the transferee must pay all invoices issued on and after the effective date of the transaction.

Scenario Three: The control of a corporation holding one or more agreements changes and the corporation continues to exist;

- the transferor must pay all overdue amounts owing to the ministry as of the effective date of the transaction.

Scenario Four: A corporation holding one or more agreements is purchased by another corporation and the former corporation no longer exists.

- prior to consent, the transferor must pay all amounts owing to the ministry, including all known Section 131 amounts owing to the ministry, as of the effective date of the transaction,
- the transferor is liable for all invoices issued prior to the effective date of the transaction, and
- the transferee is liable for all invoices issued on and after the effective date of the transaction.

- ii) In the case of an assignment (Section 54 (1) (a) of the *Forest Act*), must submit, prior to consent, a true copy of a completed assignment document (Appendix 1-5A.2) stating that:
- the assignment is subject to the minister's consent; and,
  - the assignment has an effective date that is no earlier than the effective date of the minister's consent.

An **Affidavit of Execution** applicable to the assignment document must also be submitted.

Note: An assignment document is not required if:

- \* the transferor and transferee submitted a certified true copy of an asset purchase agreement applicable to the proposed transaction as part of the application for consent; or,
- \* the proposed assignment of an agreement is from a deceased person's personal representative to a party named in a Will, providing a true copy of the Will, or in the absence of a Will, a Letter of Administration issued by the courts pursuant to the *Estate Administration Act of British Columbia* has been provided.

- iii) submit proof of affiliation where the proposed transaction is between affiliates (unless submitted earlier);
- iv) where the proposed transaction involves amalgamation, submit proof of amalgamation (a certified true copy of a court order permitting amalgamation) within 10 days of the date the order is issued,
- v) submit proof of incorporation (Certificate of Incorporation) within a time specified by the Minister, where incorporation is an integral part of the proposed transaction (e.g. CTP holder incorporates); and,
- vi) provide a true copy of the closing document(s) pertaining to the proposed transaction within 30 days of closing unless evidence of closing was incorporated in an assignment document, asset purchase agreement or share purchase agreement.

Note: The drafts of the asset purchase agreement and share purchase agreement required at the application stage of the process and the assignment document requested in the approval in principle letter will usually not contain final evidence of closing. When this is the case, separate final closing documents will be required for assignments and share transfers (but not amalgamations or estate transactions).

## **2. SPECIAL CONDITIONS**

In the case of Category 2 transactions there may be situations where it is in the public interest to impose one or more special conditions on the minister's consent to address a specific issue(s) related to the transaction. Such conditions might relate to the transferee's future performance, planning requirement, use of the land subject to the agreement, etc.

With respect to the above, conditions of consent that represent future obligations are more binding (more enforcement options) when incorporated into the agreements (licence documents) themselves than when simply included in the approval in principle letter i.e., have the transferee agree to have conditions that represent future obligations written into the licence(s).

Note: When preparing the approval in principle letter it is recommended that the Legal Services Branch be consulted to ensure that the content is appropriate from a legal perspective.

## **APPENDIX 1-3A.5**

### **Approval in Principle Letter: Category 3 Transactions**

#### **CONTENT GUIDELINES**

All approval in Principle letters for Category 3 transactions will normally contain a number of standard conditions and may also contain a number of special conditions that are only applicable to the transaction in point. These conditions include, but are not necessarily limited to, the following:

#### **1. STANDARD CONDITIONS**

a) The transferor must:

- i) submit a letter (if not done at the application stage) acknowledging that the transaction may be subject to taxation under the *Logging Tax Act*; and,
- ii) If required by the regional manager, surrender the agreement(s) and ancillary permits affected by the proposed transaction and in the case of lost documents a declaration of loss will be required.

b) The transferee must:

- i) agree in writing to fulfill all contractual obligation under the agreement including those that may be outstanding at the time of consent;
- ii) submit a replacement security and/or performance deposit;
- iii) submit a transfer fee;
- iv) agree in writing to pay current rental rates; and,
- v) provide proof of the transferee's control over Schedule "A" land in the WL, where applicable, (State of Title Certificate, Lease Agreement);

c) The transferor and transferee must:

- i) meet Ministry requirements regarding their accounts with the ministry (see below for the applicable scenario).

Scenario One: The control of one or more agreements is transferred between parties and both parties remain as Ministry clients;

- prior to consent, the transferor must pay all overdue amounts owing to the ministry as of the effective date of the transaction,
- the transferor is liable for all invoices issued prior to the effective date of the transaction, and
- the transferee is liable for all invoices issued on and after the effective date of the transaction.



Scenario Two: The control of one or more agreements is transferred between parties and the transferor does not continue as a Ministry client;

- prior to consent, the transferor must pay all amounts owing to the ministry, including all known Section 131 amounts owing to the Ministry, as of the effective date of the transaction,
- the transferor is liable for all invoices issued prior to the effective date of the transaction, and
- the transferee is liable for all invoices issued on and after the effective date of the transaction.

Scenario Three: The control of a corporation holding one or more agreements changes and the corporation continues to exist;

- prior to consent, the transferor must pay all overdue amounts owing to the ministry as of the effective date of the transaction.

Scenario Four: A corporation holding one or more agreements is purchased by another corporation and the former corporation no longer exists.

- prior to consent, the transferor must pay all amounts owing to the ministry, including all known Section 131 amounts owing to the ministry, as of the effective date of the transaction,
- the transferor is liable for all invoices issued prior to the effective date of the transaction, and
- the transferee is liable for all invoices issued on and after the effective date of the transaction.

- ii) In the case of an assignment (Section 54 (1) (a) of the *Forest Act*) and unless previously submitted, prior to consent submit a true copy of a completed assignment document (Appendix 1-5A.2) stating that:
- the assignment is subject to the regional manager's consent; and,
  - the assignment has an effective date that is no earlier than the effective date of the regional manager's consent.

An **Affidavit of Execution** applicable to the assignment document must also be submitted.

Note: An assignment document is not required if:

- \* the transferor and transferee submitted a certified true copy of an asset purchase agreement applicable to the proposed transaction as part of the application for consent; or,
- \* the proposed assignment of an agreement is from a deceased person's personal representative to a party named in a Will, providing a true copy of the Will, or in the absence of a Will, a Letter of Administration issued by the courts pursuant to the *Estate Administration Act of British Columbia* has been provided.



- iii) submit proof of affiliation where the proposed transaction is between affiliates (unless submitted earlier);
- iv) where the proposed transaction involves amalgamation, submit proof of amalgamation (a certified true copy of a court order permitting amalgamation) within 10 days of the date the order is issued;
- v) submit proof of incorporation (Certificate of Incorporation) within a time specified by the regional manager, where incorporation is an integral part of the proposed transaction (e.g. WL holder incorporates); and,
- vi) provide a true copy of the closing document(s) pertaining to the proposed transaction within 30 days of closing unless evidence of closing was incorporated in an assignment document, asset purchase agreement or share purchase agreement.

Note: The drafts of the asset purchase agreement and share purchase agreement required at the application stage of the process and the assignment document requested in the approval letter will usually not contain final evidence of closing. When this is the case, separate final closing documents will be required for assignments and share transfers (but not amalgamations or estate transactions).

## **2. SPECIAL CONDITIONS**

The regional manager may wish to impose special conditions related to such things as a requirement for the licensee's personal involvement in the management of the WL, specific planning requirements, bringing the ownership of Schedule "A" land in line with ministry policy, etc.

With respect to the above, conditions of consent that represent future obligations are more binding (more enforcement options) when incorporated into the agreements (licence documents) themselves than when simply included in the approval letter i.e., have the transferee agree to have conditions that represent future obligations written into the licence.

Note: When preparing the approval letter it is recommended that the Legal Services Branch be consulted to ensure that the content is appropriate from a legal perspective.

**APPENDIX 1-3A.6**

**Letter Notifying Stakeholder Groups of Public Meetings**

**CONTENT GUIDELINES (Example)**

Dear

I am in receipt of a request from \_\_\_\_\_ (the transferor) \_\_\_\_\_ for my consent to \_\_\_\_\_ (briefly describe the proposed transaction)\_\_\_\_\_.

It is my considered opinion that the public and stakeholders, particularly in the communities in the general area of the above mentioned operations, should have an opportunity to ask questions about and give opinions on the proposed transaction before a decision on the request for consent is made.

To this end public meetings have been scheduled as shown below.

Location

Date

Starting Time

These meetings will be chaired by \_\_\_\_\_ (name and title of chairperson) \_\_\_\_\_. An electronic record of the proceedings will be made to ensure that all comments are captured and taken in the proper context.

You are cordially invited to attend one or more of these meetings to ask questions of the transferor or transferee, or to speak to the proposed transaction. Should you wish to have a private meeting with the chairperson prior to a public meeting, please contact \_\_\_\_\_ (name, title and phone number of the regional contact person)\_\_\_\_\_.

If you are unable to attend one of these meetings, written submissions will be accepted until \_\_\_\_\_ (date) \_\_\_\_\_ and should be forwarded to \_\_\_\_\_ (the chairperson's address) \_\_\_\_\_ with a copy to \_\_\_\_\_ (the regional manager's address)\_\_\_\_\_.

Sincerely,

\_\_\_\_\_  
Minister of Forests

c.c. Public Meeting Chairperson  
c.c. Regional Manager  
c.c. District Manager(s)  
c.c. Director of Resource Tenures and Engineering Branch

**APPENDIX 1-4A**

**GUIDELINES FOR PREPARING FOR AND CONDUCTING PUBLIC  
MEETINGS**

- APPENDIX 1-4A.1 - Guidelines for Preparing for Public Meetings**
- APPENDIX 1-4A.2 - Guidelines for Conducting a Public Meeting**
- APPENDIX 1-4A.3 - An Example of Speaking Notes for the Public Meeting  
Chairperson**
- APPENDIX 1-4A.4 - Guidelines for Conducting Private (Stakeholder)  
Meetings**

## APPENDIX 1-4A.1

### Guidelines for Preparing for Public Meetings

The following steps provide some guidance when preparing for public and private meetings designed to solicit public input on requests to transfer control of timber harvesting agreements. The steps are described more or less in the order in which they would normally be completed. Tasks that can be worked on concurrently are grouped under one step. The responsibilities assigned to each task may change depending on circumstances.

RPC - Regional Project Coordinator

HPC - Headquarters' Project Coordinator (RTEB)

PMC - Public Meeting Coordinator (Assigned)

STEP	TASK	RESPONSIBILITY
1	Contact the PMC and request that person's assistance in arranging for the logistical support for the public and stakeholder meetings.	RPC/HPC
2	<p>Arrange for the facilities needed to conduct the meetings at each designated location. This would include:</p> <ul style="list-style-type: none"> <li>rooms suitable for meetings with the public, stakeholder groups and the transferor and transferee;</li> <li>accommodation for the public meeting chairperson (and other appointed officials if applicable) and participating MOF staff;</li> <li>transportation for the chairperson and MOF representatives;</li> <li>the services of a court reporter at each public meeting; and,</li> <li>required equipment (slide projector, screen, display tables, etc.)</li> </ul>	PMC
3	<p>If not done previously (Section 1.3.1.6 of the procedures), inform the transferor and transferee of the dates and times of the public meetings and also the date and time of their pre meeting with the chairperson and MOF staff.</p>	RPC/HPC
	<p>If not done previously (Section 1.3.1.6 of the procedures), prepare letters for the Minister's signature to stakeholder groups that are expected to have an interest in attending public or private meetings informing them of the public meeting schedule and how to make arrangements for a private meeting.</p>	RPC/HPC
	<p>Prepare a regional background paper containing:</p> <ul style="list-style-type: none"> <li>information on the transferor and transferee;</li> <li>a description of the proposed transaction;</li> <li>a brief description of the decision-making process and how to participate in that process; and,</li> <li>the schedule of public meetings to be held.</li> </ul>	RPC
	<p>Prepare other information to be available at public meetings (e.g. maps, etc.)</p>	RPC
	<p>Prepare news media releases and newspaper (and where appropriate, radio) advertisements outlining the proposed transaction and providing</p>	RPC/in consultation with

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	information on the location, date and time of public meetings.	Public Affairs
	Prepare public meeting agenda notices for distribution and posting at meeting halls/rooms and other key locations.	RPC
	Finalize the briefing book for the chairperson, including his or her speaking notes.	RPC
4	Prepare letters for the Minister's signature acknowledging requests from stakeholder groups for private meetings and confirming the location, date and time of those meetings.	RPC/HPC
5	Prepare final itinerary and fax it to the chairperson and all participating staff.	PMC
	Make name cards for use at the public meetings for the panel, the representatives of the transferor, the representatives of the transferee and for participating Ministry staff.	PMC
6	<p>Arrange for and hold a meeting between the chairperson and MOF staff prior to the public meeting to:</p> <ul style="list-style-type: none"> <li>• brief the chairperson on the transferor, the transferee, their respective positions in the Province, the proposed transaction and any key issues or concerns related to the proposed transaction;</li> <li>• go over the itinerary; and,</li> <li>• discuss the public involvement process.</li> </ul>	RPC
7	Meet with the transferor and transferee, usually separately, to get a first hand explanation of the proposed transaction and to have an opportunity to ask questions and also provide advice as to key issues that should be addressed in the company's presentation to the public meeting. This step usually occurs on the same day as, but prior to, the initial public meeting.	Chairperson and MOF staff
8	Meet with stakeholder groups, where requested, to obtain their input. These meetings may be scheduled before or after a public meeting but, when practical, are usually held on the same day as the public meeting.	Chairperson and MOF staff
9	Chair scheduled public meetings.	Chairperson

## **APPENDIX 1-4A.2**

### **Guidelines for Conducting a Public Meeting**

The following sequence of steps provide some guidance as to how to conduct a public meeting held to solicit public input on a request for the Minister of Forest's consent to transfer control of one or more timber harvesting agreements. An example of a chairperson's speaking notes, which reflect these steps, is provided in Appendix 1-4A.3.

#### **Step 1**

The regional project coordinator and the public meeting coordinator should arrive at the meeting place far enough in advance of the meeting time to ensure that the physical support is in place and is functioning as intended e.g. tables, chairs, sound system, recording system, coffee (if applicable) projectors, screens, background information, name tags for officials, heating/cooling system, etc.

#### **Step 2**

The public meeting coordinator will welcome the people as they enter the hall/room where the public meeting is being held. He or she will request that each person sign the register of attendees, respond to any questions about the meeting and point out where information on the subject of the meeting can be found. e.g. handouts, maps, etc.

#### **Step 3**

The chairperson will open the meeting by:

- Introducing himself/herself;
- welcoming the people at the meeting on behalf of the Minister of Forests;
- stating the purpose of the meeting, including a brief description of the proposed transaction;
- relating the purpose of the public meeting to the above process i.e. to give people an opportunity to have direct input into the decision-making process; and,

#### **Step 4**

The chairperson will explain how the meeting will be conducted. This will include introductions for the representatives of the transferor and transferee and the Ministry of Forests staff that are participating.

### Step 5

The chairperson shall then request the transferor to make a presentation to the meeting. (The transferor will have been instructed as to what to include in its presentation in a previous letter from the minister.) (Appendix 1-3A.2)

### Step 6

Next the chairperson shall request the transferee to make a presentation to the meeting. (The transferee will have been instructed as to what to include in its presentation in a previous letter from the minister.) (Appendix 1-3A.2)

Note: The order in which the above presentations are given is ultimately up to the chairperson.

### Step 7

The chairperson will then open the floor for questions or comments. Speakers must state their name, place of residence, occupation and who they represent. Each speaker is asked to limit their speaking time to not more than five minutes and direct their comments and questions to the chair.

### Step 8

Following the last question or comment from the floor, the chairperson will remind the meeting as to where written submissions can be sent and the deadline date for receipt of those submissions.

### Step 9

The chairperson will thank all of those in attendance and adjourn the meeting.

**APPENDIX 1-4A.3**

**Speaking Notes for the Public Meeting Chairperson**

**(Example)**

Following is one example of a format for speaking notes that the public meeting chairperson can use to conduct a public meeting.

**Good evening Ladies and Gentlemen.**

**My name is \_\_\_\_\_. I am the MLA for \_\_\_\_\_.**

**I am chairing this meeting on behalf of the Minister of Forests and on behalf of the Minister I would like to welcome you and thank you for taking the time to participate in this public process.**

**The purpose of this meeting is to provide an opportunity for public discussion on a proposed transaction that would see \_\_\_\_\_ (summarize proposed transaction) \_\_\_\_\_.**

**I have been asked by the Minister of Forests to listen to your comments, concerns and questions on the proposed transaction and report back to him.**

**In considering whether to give or withhold his consent to the proposal, under Section 54 of the *Forest Act*, the Minister of Forests will consider both the interests of the parties seeking his consent and the interests of the Province at large. By providing an opportunity for public input, this meeting will help to define the public interest from the perspective of the communities that could be affected the most.**

**Following the completion of this public meeting a report will be prepared for the Minister of Forests. The report will summarize all of the public opinion/comments received and will make recommendations regarding the proposed transaction. This report will represent an important source of information to be used by the Minister of Forests in his deliberations.**



**If the Minister gives his consent, the Crown will recover 5% of the allowable annual cut of the replaceable agreements involved in the transaction and 5% of the value of any timber licences involved in the transaction. (Reference to the second 5% figure is only relevant if one or more timber licences are involved). A separate decision would then have to be made by the Minister regarding the disposition of the AAC recovered by the Crown.**

**Finally, a word about how tonight's meeting will proceed.**

- 1. (the transferor) will give a presentation on the proposed transaction.**

**Representing (the transferor) tonight are:**

---

---

---

---

- 2. (the transferee) will follow with a presentation on the proposed transaction.**

**Representing (the transferee) tonight are:**

---

---

---

- 3. I will then open the floor for comment, suggestions and questions from the public. In this regard I would like to point out that there is a transcript recording of these proceedings taking place in order to**

ensure that all comments, suggestions and questions are captured in the context in which they were intended.

To make the meeting as informative as possible staff members from the Ministry of Forests are available to respond to technical questions concerning the proposed change of control. In attendance are:

Victoria

\_\_\_\_\_

Regional Office

\_\_\_\_\_

\_\_\_\_\_

District Office(s)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Legal Services Branch (MAG)

\_\_\_\_\_

For those who will be speaking, please limit your speaking time to not more than 5 minutes so that all who wish to speak have an opportunity to do so. If possible, please provide me with a written copy of your presentation, preferably prior to or just after speaking.

I would also ask the speakers to restrict their comments to the subject of this meeting - the proposed acquisition of (the transferor's assets) by

(the transferee) - and to please direct their comments and questions to the chair.

I will now ask the representatives from (the transferor) to make their presentation.

### **XXX PRESENTATION XXX**

Thank you.

I will now ask the representatives from (the transferee) to give their presentation.

### **XXX PRESENTATION XXX**

Thank you.

The floor is now open for public discussion. I would ask each speaker to please give your name, place of residence, occupation and the group that you represent, if any.

### **XXXXX PUBLIC DISCUSSION XXXXX**

Are there any further comments:

Should anyone wish to follow this meeting with further written submissions, the deadline for receipt of those submissions is \_\_\_\_ (date) \_\_\_\_\_. These submissions can be forwarded to my attention at \_\_\_\_\_(address)\_\_\_\_\_. When making written submissions, please send a copy to the regional manager at \_\_\_\_\_(address)\_\_\_\_\_.

Again, on behalf of the Minister of Forests and Ministry of Forests staff, I would like to thank all of you for taking the time to attend this

**meeting. Your participation is an extremely important part of the decision making process.**

**I now declare the meeting adjourned.**

**Good evening.**

#### **APPENDIX 1-4A.4**

##### **Guidelines for Conducting Private (Stakeholder) Meetings**

Stakeholder groups will frequently request a private meeting with the chairperson of the public meetings. There are two main reasons for this. First, the group representatives may wish to discuss issues that require them to divulge information that they would prefer not to present at a public meeting. Second, the group representatives may wish to get the undivided attention of the chairperson and discuss issues in more length than could be accommodated at a public meeting. In conducting these meetings the chairperson should:

- i) Have all those representing the stakeholder group in attendance at the meeting sign an attendance record. This information should include the person's name, address and position held in the group, if applicable.
- ii) Ensure that a member of the Ministry of Forests staff takes comprehensive and accurate notes (there is no electronic recording of the proceedings at stakeholder meetings).
- iii) Clarify with the stakeholder group before the meeting ends which information provided by the group representatives is of a confidential nature (if any) and should be treated as such in preparing the chairperson's report to the minister or other publicly accessible documents.
- iv) Request a copy of any written submissions the group has made or plans to make regarding the proposed transaction.
- v) Ensure that the chairperson and ministry staff (particularly the note taker) have no further questions of the stakeholder group before closing the meeting.

**APPENDIX 1-5A**

**EXAMPLES OF CONSENT DOCUMENTS AND OTHER RELATED  
FORMS**

- APPENDIX 1-5A.1 - Joint Declaration (FS 537)**
- APPENDIX 1-5A.2 - Assignment Document**
- APPENDIX 1-5A.3 - Consent Form (FS 538)**
- APPENDIX 1-5A.4 - Letter of Consent**

**APPENDIX 1-5A.1**  
**Province of British Columbia**

**Ministry of Forests**

**JOINT DECLARATION OF THE TRANSFEROR AND TRANSFEREE**

Canada	)	IN THE MATTER OF the Forest Act, and
Province of British Columbia	)	Amendments thereto and Regulations
	)	Issued Thereunder
TO WIT:	)	

AND in the matter of the purported transfer or assignment of \_\_\_\_\_  
\_\_\_\_\_ (tenure name & number)

We \_\_\_\_\_ of the first part  
\_\_\_\_\_ (Company Name)

and \_\_\_\_\_ of the second part  
\_\_\_\_\_ (Company Name)

Jointly do solemnly declare that:

1. \_\_\_\_\_ is the transferor  
and \_\_\_\_\_ is the transferee

and we are the parties described in the within or attached transfer or assignment.

2. We have personal knowledge of the facts herein declared.
3. The total consideration received by the transferor or assignor under the transfer or assignment consists of the items listed in Column 1 and the true market value of each item is shown opposite thereto in Column 2 and the actual value to be paid is set out in Column 3.

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<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
1. Deposit	\$.....	\$.....
2. Equipment	\$.....	\$.....
3. Roads	\$.....	\$.....
4. Buildings	\$.....	\$.....
5.	_____	_____
6. TOTAL	\$ _____	\$ _____

4. We make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath, and by virtue of the Canada Evidence Act.

Severally DECLARED before me at the)

\_\_\_\_\_ of \_\_\_\_\_)  
 in the Province of \_\_\_\_\_)  
 this \_\_\_\_\_ day of \_\_\_\_\_)  
 \_\_\_\_\_ A.D. \_\_\_\_\_)  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
 Transferor

\_\_\_\_\_  
 Transferee



**APPENDIX 1-5A.2**  
**Assignment Document**

THIS AGREEMENT made the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

BETWEEN:

OF THE FIRST PART

AND:

OF THE SECOND PART

WHEREAS:

- A. \_\_\_\_\_ and \_\_\_\_\_ are parties to an Asset Purchase Agreement made the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_. (the “Asset Purchase Agreement”);
- B. Each of \_\_\_\_\_ and \_\_\_\_\_ is a party to certain agreements entered into under the *Forest Act* (British Columbia) as described in Schedule “A” attached hereto (the “Timber Agreements”);
- C. Pursuant to the terms of the Asset Purchase Agreement \_\_\_\_\_ has agreed to assign the “Timber Agreements” described in Schedule “A” to \_\_\_\_\_ and;
- D. \_\_\_\_\_ and \_\_\_\_\_ have requested that the Minister of Forests consent to the assignment of the Timber Agreements to \_\_\_\_\_.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants contained herein and other good and valuable consideration the parties covenant and agree as follows:

1. \_\_\_\_\_ hereby assigns to \_\_\_\_\_ all of their respective right, title and interest in and to the Timber Agreements.
2. The assignment of the Timber Agreements under 1 above is subject to the Minister of Forests for British Columbia giving written consent to such assignment.
3. This Agreement will take effect as of \_\_\_\_\_ on the later of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ and the effective date of the consent of the Minister of Forests referred to in 2 above.

## Consent to Transfer – Procedures

4. This Agreement is made pursuant to and subject to the provisions of the Asset Purchase Agreement.
5. This Agreement shall enure to the benefit of and be binding on the parties and their respective successors and assigns.
6. This Agreement is to be interpreted and the obligations of the parties hereunder are to be determined in accordance with the laws prevailing in British Columbia.
7. Each party will execute and deliver such further agreements and other documents and do such further acts and things as any party reasonably requests to evidence, carry out or give full force and effect to the intent of this Agreement.

EXECUTED by \_\_\_\_\_ and \_\_\_\_\_ as of the day  
and year first above-written.

THE CORPORATE SEAL of \_\_\_\_\_ )  
was hereunto affixed in the presence of: \_\_\_\_\_ ) C/S  
\_\_\_\_\_ )  
\_\_\_\_\_ )  
\_\_\_\_\_ )

THE CORPORATE SEAL of \_\_\_\_\_ )  
was hereunto affixed in the presence of: \_\_\_\_\_ ) C/S  
\_\_\_\_\_ )  
\_\_\_\_\_ )  
\_\_\_\_\_ )

This is page 2 of an Assignment made this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, to have effect as  
of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, between \_\_\_\_\_ and \_\_\_\_\_.

SCHEDULE “A”

(List of Agreements and Ancillary Permits)

**APPENDIX 1-5A.3**  
**Assignment Consent**

**(Example 1)**

**The FS538 (below) by itself can be used for simple assignments i.e., minor tenures, WLs where approval in principle is not applicable.**

IN THE MATTER OF

Pursuant to Section 54 of the *Forest Act*, the Minister of Forests for the Province of British Columbia  
HEREBY CONSENTS, insofar as it is within his authority so to do, to the Assignment of \_\_\_\_ (licence  
number)\_\_\_\_\_

BETWEEN

in the Province of British Columbia, hereinafter called the Assignor(s),

OF THE ONE PART

AND

in the Province of British Columbia, hereinafter called the Assignee(s),

OF THE OTHER PART

SUBJECT, HOWEVER, to the express condition that, notwithstanding this Consent or the said Assignment, or any documents referred to therein, no person on behalf of Her Majesty the Queen in the right of the Province of British Columbia shall be deemed to have waived compliance with or observance of, on the part of the Assignor(s), or the predecessors, successors and assigns of the Assignor(s), any of the covenants, provisos, conditions or reservations contained in the said matter above referred to, nor to have waived, impaired or restricted in any way whatsoever any of the rights or remedies available to her Majesty or Her Minister of Forests in respect of the said matter above referred to, or of the property or rights thereby demised or privileges granted, nor to have approved of the form or of any of the terms, provisions or conditions of the said Assignment, or of any document, IT BEING EXPRESSLY DECLARED that the sole object purport and effect of this Consent is merely as a permission in writing to validate the making of an assignment, and no action shall be taken or thing done under, by virtue of or in connection with the said Assignment, or any documents referred to therein, that may prejudice, impair or affect in any way whatsoever any of the rights of Her Majesty or Her Minister of Forests.

DATED at Victoria, British Columbia, this                      day of                      , 19     .

\_\_\_\_\_  
Minister of Forests

FS 538 HRT 97/11

**APPENDIX 1-5A.3**  
**Assignment Consent**

**(Example 2)**

The FS538 when combined with Schedule “A” and Schedule “B” (below) can be used for more complex assignments i.e. **several licences and specified conditions of consent.**

IN THE MATTER OF

Pursuant to Section 54 of the *Forest Act*, the Minister of Forests for the Province of British Columbia HEREBY CONSENTS, insofar as it is within his authority so to do, to the Assignment \_\_\_\_\_ (refer to agreements listed in Schedule “A” and also to the date of the Asset Purchase Agreement)\_\_\_\_\_.

BETWEEN

in the Province of British Columbia, hereinafter called the Assignor(s),

OF THE ONE PART

AND

in the Province of British Columbia, hereinafter called the Assignee(s),

OF THE OTHER PART

SUBJECT, HOWEVER, to the conditions set out in Schedule “B”

AND

SUBJECT, HOWEVER, to the express condition that, notwithstanding this Consent or the said Assignment, or any documents referred to therein, no person on behalf of Her Majesty the Queen in the right of the Province of British Columbia shall be deemed to have waived compliance with or observance of, on the part of the Assignor(s), or the predecessors, successors and assigns of the Assignor(s), any of the covenants, provisos, conditions or reservations contained in the said matter above referred to, nor to have waived, impaired or restricted in any way whatsoever any of the rights or remedies available to her Majesty or Her Minister of Forests in respect of the said matter above referred to, or of the property or rights thereby demised or privileges granted, nor to have approved of the form or of any of the terms, provisions or conditions of the said Assignment, or of any document, IT BEING EXPRESSLY DECLARED that the sole object purport and effect of this Consent is merely as a permission in writing to validate the making of an assignment, and no action shall be taken or thing done under, by virtue of or in connection with the said Assignment, or any documents referred to therein, that may prejudice, impair or affect in any way whatsoever any of the rights of Her Majesty or Her Minister of Forests.

The attached schedules “A” and “B” are an integral part of this document.

DATED at Victoria, British Columbia, this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_.

\_\_\_\_\_  
Minister of Forests

FS 538 HRT 97/11

SCHEDULE “A”

(List of Agreements and Ancillary Permits)

SCHEDULE “B”

The consent document (FS538) dated \_\_\_\_\_, (the “Consent”) to which this schedule is attached is subject to the following conditions:

1. Regardless of how the Consent is dated, its effective date is \_\_\_\_\_, subject to Section \_\_\_\_\_ of the *Forest Act*.
2. Regardless of the effective date of the Consent, the Consent will be void and of no effect if conditions 3 and 4 are not met.
3. The Ministry of Forests must receive notification by \_\_\_\_\_ from
  - (a) Transferor
  - (b) Transferee

that the transactions contemplated in the Asset Purchase Agreement dated for reference \_\_\_\_\_, between \_\_\_\_\_ and \_\_\_\_\_, have been completed.

4. \_\_\_\_\_ must agree that, as of the date on which the transactions contemplated in the Asset Purchase Agreement dated for reference \_\_\_\_\_, are completed.
  - (a) conditions 5 through \_\_\_\_\_ of this Schedule will be deemed to be conditions of the Agreements listed in Schedule “A” to this Consent (the “Agreements”).

Note: The conditions of consent referred to in 4(a) are to be listed below.

**APPENDIX 1-5A.4**  
**Letter of Consent**

**(Example 1)**

**CONTENT GUIDELINES**

The following example of a Letter Of Consent is intended for use with requests for a change in control of a corporation or the amalgamation of two corporations where all of the conditions imposed on the Minister's (Deputy Minister's) consent have been complied with or accepted as future obligations [incorporated into the licence document(s)] by the transferee/transferor and evidence has been provided that the closing of the transaction is awaiting the Minister's consent. There will be cases where variations to this format would be required to fit specific situations.

**(These letters should be prepared in consultation with Legal Services Branch)**

Dear \_\_\_\_\_ (transferee/transferor) \_\_\_\_\_:

This letter is in response to yours of \_\_\_\_\_ (date) \_\_\_\_\_ in which you requested my consent to \_\_\_\_\_ (describe the proposed transaction) \_\_\_\_\_. (A list of agreements and permits can be included in a schedule).

It is my understanding that \_\_\_\_\_ (the transferor) \_\_\_\_\_ and \_\_\_\_\_ (the transferee) \_\_\_\_\_ have complied with and/or accepted the conditions set out in my approval in principle letter dated \_\_\_\_\_ (date) \_\_\_\_\_. Therefore, pursuant to Section 54 of the *Forest Act*, I herewith provide my consent to the request referred to in paragraph one.

If you have any questions regarding the above please contact \_\_\_\_\_ (name, title, phone number) \_\_\_\_\_.

Sincerely,

\_\_\_\_\_  
Minister of Forests

c.c. Regional Manager  
c.c. RTEB



## APPENDIX 1-5A.4

### Letter of Consent

#### (Example 2)

#### CONTENT GUIDELINES

In some instances, the transaction between the parties is structured to require the Minister's consent concurrently with the completion of the transaction, which itself is sometime in the future. In this case, the Minister's consent will be provided on an undertaking to one of the parties' lawyers to be tabled at the closing when conditions are acceptable to both the Minister and the parties involved. The parties are then required to notify the Minister that the conditions of the transaction were either met or waived. Should the transaction not complete, the consent is returned to the Minister. The following example is intended for use with requests for a change in control of a corporation or the amalgamation of two corporations where the above situation exists.

**(These letters should be prepared in consultation with Legal Services Branch)**

Dear \_\_\_\_\_ (transferee/transferor) \_\_\_\_\_:

This letter is in response to yours of \_\_\_\_\_ (date) \_\_\_\_\_ in which you requested my consent to \_\_\_\_\_ (describe the proposed transaction) \_\_\_\_\_. (A list of agreements and permits can be included in a schedule).

It is my understanding that \_\_\_\_\_ (the transferee) \_\_\_\_\_ and \_\_\_\_\_ (the transferor) \_\_\_\_\_ have complied with and/or accepted the conditions set out in my approval in principle letter dated \_\_\_\_\_ (date) \_\_\_\_\_. Therefore, pursuant to Section 54 of the *Forest Act* and subject to paragraphs three, four and five I herewith provide my consent to the request referred to in paragraph one.

My consent will take effect on the date on which all of the conditions of closing under the share purchase agreement, as amended, dated \_\_\_\_\_ (date) \_\_\_\_\_ between \_\_\_\_\_ (the transferor) \_\_\_\_\_ and \_\_\_\_\_ (the transferee) \_\_\_\_\_ have been met or waived, provided those conditions are met or waived no later than \_\_\_\_\_ (date) \_\_\_\_\_.

On or before \_\_\_\_\_ (date) \_\_\_\_\_, \_\_\_\_\_ (the transferor) \_\_\_\_\_ and \_\_\_\_\_ (the transferee) \_\_\_\_\_ will jointly notify the Minister in writing of the date on which the conditions of closing in the above noted share purchase agreement were met or waived.

If you have any questions regarding the above please contact \_\_\_\_\_ (name, title, phone number) \_\_\_\_\_.

Sincerely,

---

Minister of Forests

c.c. Regional Manager

c.c. RTEB

**APPENDIX 1-6A**

**GUIDELINES FOR PREPARING A BRIEFING BOOK FOR THE  
PUBLIC MEETING CHAIRPERSON**

**APPENDIX 1-6A****Guidelines for Preparing a Briefing Book for the  
Public Meeting Chairperson**

The following information is the minimum requirement for inclusion in the briefing book to be used by the public meeting chairperson (and other appointed officials) to prepare for the public meetings.

**1. INTRODUCTORY COMMENTS**

This part should contain:

- a) a brief description of the proposed transaction;
- b) the requirements of Section 54 of the *Forest Act*;
  - prior consent
  - 5% AAC recovery
  - 5% value of TL's
- c) the governments policy regarding public involvement;
- d) the schedule of public meetings, including locations; and,
- e) a description of the role of the person chairing the public meetings.

**2. ITINERARY**

This part should provide a detailed schedule of the events necessary to conduct the required public meetings including the arrangements for:

- a) transportation;
- b) lodging and meals;
- c) meetings with transferor and transferee.
- d) private meetings with stakeholders;
- e) public meetings; and,

A suggested format would be as follows:

Time	Location	Event	Participants

### 3. GOVERNMENT POLICY ON CHANGES IN CONTROL OF CORPORATIONS HOLDING CROWN TIMBER AGREEMENTS

This part should contain a summary of the minister's policy issued January 20<sup>th</sup>, 1995 in response to a proposal by Canfor Corp. (the complete statement is provided in Appendix 1-7 of these procedures).

### 4. BACKGROUND ON THE TRANSFEROR

This part should contain, as a minimum:

- a) corporate information, including officers, directors, major shareholders, affiliates, etc.;
- b) information on timber holdings including:
  - crown timber agreements, including AAC, by TSA and forest region;
  - TL volumes, by forest region;
  - private timber;
- c) information on wood processing operations including:
  - the number, type, location and annual input requirements;
  - the source of wood fibre for the above mills; and,
  - products and markets;
- d) employment in logging and milling operations; and,
- e) current commitments to other operators to sell or purchase wood fibre.

### 5. BACKGROUND ON THE TRANSFEREE

This part should contain, as a minimum:

- a) corporate information, including officers, directors, major shareholders, affiliates, etc.;
- b) information on timber holdings including:
  - crown timber agreements, including AAC, by TSA and forest region;
  - TL volumes, by forest region;
  - private timber;
- c) information on wood processing operations including:
  - the number, type, location and annual input requirements;
  - the source of wood fibre for the above mills; and,
  - products and markets;
- d) employment in logging and milling operations; and,
- e) current commitments to other operators to sell or purchase wood fibre.

### 6. A DESCRIPTION OF THE PROPOSED TRANSACTION

This part should describe the proposed transaction in some detail, focusing on the salient points with respect to public policy.

### 7. A SUMMARY OF POTENTIAL ISSUES RELATED TO THE PROPOSED TRANSACTION

This part should provide a list of potential issues that may be created by the proposed transaction that the chairperson (and other appointed officials) should be aware of going into meetings with the transferor, transferee, stakeholders and the public.

### 8. THE CHAIRPERSON'S SPEAKING NOTES

This part should contain speaking notes for the chairperson to assist him or her in conducting an effective public meeting. An example of speaking notes can be found in Appendix 1-4A.3.

### 9. APPENDICES

The following information included in appendices would provide useful information to the chairperson (and other MLA's where applicable).

- i) Requests for consent and related correspondence from the transferor and transferee.
- ii) Ministry of Forests correspondence related to the transaction.
- iii) News releases on the proposed transaction.
- iv) Public meeting notices.
- v) A list of contacts (transferor/transferee/MOF).
- vi) The full statement of government policy on requests for consent under Section 54 (1) (b) as released on January 20, 1995 (Appendix 1-7A in these procedures).
- vii) Ministry of Forests procedures for holding a public meeting.
- viii) A list of licences and permits included in the proposed transaction.

APPENDIX 1-8A

**AN OUTLINE OF THE BRITISH COLUMBIA LOGGING TAX ACT**

## **APPENDIX 1-8A**

### **An Outline of the British Columbia Logging Tax Act**

The *Logging Tax Act* levies a tax of 10% on the net income derived from the utilization of forest resources from private or Crown land with the Province. Logging income is calculated using income tax rules for determination of net income. Logging tax is usually fully deductible as a credit from income taxes, if claimed within 3 years of filing the income tax return.

Each person who sells logs, standing timber, cutting rights, or who produces and sells products from their logs such as lumber, pulp, shakes, etc., is responsible to file an annual logging tax return. Tax is applied to the net logging income for the year after deduction of related operating expenses.

If the logs are manufactured into lumber, pulp, shakes, etc. a processing allowance may be deducted. The processing allowance is calculated as 8% of the cost of assets used to manufacture the logs into salable products. However, the allowance may not exceed 65% nor be less than 35% of the net income from the manufacture and sale of those products.

Return forms are available from the logging tax office and must be filed within 6 months of the end of the operator's business year-end. Communications should be addressed:

Income Taxation Branch,  
Parliament Buildings,  
Victoria, B. C.  
V8V 1X4

The logging tax office may also be reached by telephone at Victoria # 356-6372. Fax messages can be sent to Victoria # 953-3094.

Copies of the *Logging Tax Act* may be purchased on application to Crown Publications, 546 Yates Street, Victoria, B. C. V8V 1K8. Crown Publications may also be contacted by telephone at Victoria # 386-4636 or by Fax to Victoria # 386-0221.



**APPENDIX 1-9A**

**FINANCIAL MANAGEMENT FOR PUBLIC MEETINGS**

**APPENDIX 1-9A****Financial Management for Public Meetings****Overview**

When a licensee applies for the minister's prior written consent required under Section 54 of the Forest Act (the "Act"), the ministry may incur some expenses. These expenses are generally incurred when a public consultative process is required by the minister. The minister, when making this decision, must be assured that the social and economic needs of the communities and the public are considered.

Public involvement can vary in complexity from a notice in local newspapers to formalized public meetings.

**Approvals**

A briefing note is prepared for the minister's decision regarding the recommended level of public involvement. If the minister requires public consultation, a letter (see Appendix 1-3A.2) is sent to the licensee (transferor). The letter describes the public involvement process, the transferor and transferee's level of participation and the licensee's responsibility to cover the ministry's expenses.

**Forms:**

	<b>Name</b>	<b>Approval</b>	<b>Routing</b>
1.	Contract Approval	Deputy Minister / Regional Manager	Transfer Coordinator, Manger, Finance & Administrator.
2.	Business Expense Form	Deputy Minister >\$1000. Regional Manager <\$1000.	Same as Above
3.	Travel Authorization	Air Travel needs Assistant Deputy Minister approval. Regional Manager	Same as Above
4.	Advertising Insertion Order	Spending Authority / Communications Branch	Same as Above

Expenditures must meet the requirements of the *Financial Act* and the Ministry's financial policy/standards.

### **Expenditures**

Out of pocket expenses are additional costs, outside of the ministry's budgeted operations, associated with the public process. These include, but are not necessarily limited to, the contracted services of a technical writer, court recorder, advertising, ministry travel and business expenses (meeting rooms, audio equipment and miscellaneous rentals) for the public meeting. It is recommended an expense tracking list be set up and that a project number be assigned e.g., PH001. The project number should be coded on all associated invoices and keyed into the project field on C.A.S. as the payments are made. This will enable a single transaction report to be produced which summarizes all related expenditures at project completion.

### **Revenue/Accounts**

A letter and invoice is prepared by the office of primary responsibility and forwarded to the transferor for payment. This letter should clearly list the expense items by category and their costs. It is not necessary to attach the original invoices and or receipts.

It is suggested that payment be made to the ministry by cheque so that the payment can be deposited and returned to the responsibility centre (via journal voucher).

**Cautionary Note:** When MLA's participate in the public consultation process, the transferor will not be invoiced any MLA expenses. This is intended to prevent the possibility of a conflict of interest. Any invoices received by the ministry related to the MLAs expenses should be forwarded to the MLA's office for payment.

**APPENDIX 1-10A**  
**Fee Schedule**

**For Future Insertion**

**APPENDIX 1-11A**  
**FTAS Update**

**Resource Clerks – Region**

TFL, FL, TSL (Major) and TLs

Update;            Client - New and Previous Licensee  
                         New Client Number, Address  
                         AAC - Adjust for 5 % Takeback

**Resource Clerks – District**

FTAS – TSL, WL, L/C

Update;  
                         Client - New and Previous Licensee  
                         New Client Number, Address  
                         AAC - N/A

**Notes entry for FTAS:**

- Enter Transfer Information:
- Effective Date; From – To;
- AAC – 5% Reduction amount – New AAC

Sample note

“As a result of the change of control from (Previous Licensee Name), effective (Date of Ministers Consent) the AAC has been reduced from (AAC m3) to (AAC m3) a reduction of (m3)”.

**Branch:**

Resource Tenures and Engineering Branch will update and maintain the information in the Apportionment System, and will blue sheet the licence files and forward them to Revenue Branch.

**Revenue Branch**, will create new clients to the Client System and coordinate the collection and return for security deposits.

NB. It is important that FTAS is updated promptly after the transaction completes. FTAS information is used in other system's data bases that calculate annual rent, security deposits, apportionment and corporate concentration figures.

**APPENDIX 1-12A**

**A DISCUSSION OF GOVERNMENT POLICY RELATED TO  
SECTION 54 (1) (b) OF THE FOREST ACT**

**APPENDIX 1-12A**  
**Policy Statement**

**MINISTER'S CONSENT UNDER S. 54 OF THE FOREST ACT**  
**(Change of Control of a Corporation where there are Implications for Industry Structure)**

**Honourable Andrew Petter, Minister**

Under Section 54 of the *Forest Act*, the Minister's prior written consent is required for a change in control of a corporation that holds an agreement or controls another corporation that holds an agreement. I have developed this policy to provide me with guidance where my consent is requested in respect of change of control transactions which have implications for industry structure.

I would stress that while this policy does provide valuable guidance, every request for my consent will be considered on its merits. Accordingly, I will depart from this policy if I am persuaded that it is appropriate to do so.

**THE OBJECTIVES OF FOREST POLICY**

Section 4 of the *Ministry of Forests Act* states:

The purposes and functions of the ministry are, under the direction of the minister, to:

- (a) encourage maximum productivity of the forest and range resources in the Province;
- (b) manage, protect and conserve the forest and range resources of the Crown, having regard to the immediate and long term economic and social benefits they may confer on the Province;
- (c) plan the use of the forest and range resources of the Crown, so that the production of timber and forage, the harvesting of timber, the grazing of livestock and the realization of fisheries, wildlife, water, outdoor recreation and other natural resource values are coordinated and integrated, in consultation and cooperation with other ministries and agencies of the Crown and with the private sector;
- (d) encourage a vigorous, efficient and world competitive timber processing industry in the Province; and,
- (e) assert the financial interest of the Crown in its forest and range resources in a systematic and equitable manner.

I believe that the purposes and functions set out in subsections 4(b), (d) and (e) are particularly relevant to the consideration of whether or not it is in the public interest for me to give my consent under Section 54.

In order for the people of British Columbia to enjoy all of the economic and social benefits possible from the Province's forests, and to make sure that the public receives fair value for its timber, it is essential that a healthy, competitive, high-employment forest industry is maintained in British Columbia.

For these reasons, I believe that the specific issue of industry structure in achieving these purposes must be considered when my consent is requested to a change of control transaction.

### **RELEVANT DIMENSIONS OF INDUSTRY STRUCTURE**

If the forest sector is to be competitive in its domestic and international markets, yield its full social and economic benefits to the people of the province, and return due revenues to the Crown, there are three interrelated attributes of industry structure that require particular attention in determining the public interest when my consent to a change of control transaction is requested:

- the degree of regional corporate concentration of harvesting rights;
- the extent to which competitive markets for wood—both for whole logs and for wood chips, are maintained at the regional and provincial levels; and,
- the level of diversity in industry structure, where diversity encompasses:
  - the mix of integrated firms versus firms specializing in a smaller range of activities (e.g. independent sawmills); and,
  - the mix of large versus small firms.

I will briefly discuss each of these attributes in turn.

#### **A. Concentration of Harvesting Rights**

An excessive degree of concentration—i.e. if one or two companies were to control too much of the harvesting rights in any particular region—would have a number of negative implications for:

- the economic and social development of that region;
- the ability of the province to obtain fair value for the public's timber; and,
- the long-run competitiveness of the forest industry.

**Community Stability:** A dominant position held by one or two companies over a broad region will make the communities in that region excessively reliant on that firm or firms. The risks to economic, social and community stability that are implied by one-employer or one-mill towns are well-known, along with the costs that can be imposed on workers,



families and small businesses by fluctuations and changes in markets, labour relations and technological change.

**Position of others in the market-place:** The bargaining power of logging contractors, suppliers and small operators who have no (or few) alternatives vis-à-vis the dominant firm(s) will be severely constrained because of the lack of alternative purchasers for their goods and services, making these suppliers and contractors vulnerable to the market power held by the dominant firm(s).

**Fair price for public timber:** The integrity of the province's stumpage collection system—by which the public receives payment for the value of its timber—relies on the development of industry cost and price averages from a number of firms in any particular region. If the information base is dominated by one or two firms, it becomes less useful in determining a fair price for the public's timber.

**British Columbia's competitive position:** It is inherent in the market system that a corporation having a dominant position in any market may come to rely on its market power to cushion itself against the need to be constantly striving to improve its long-term competitive advantage through productivity improvement, product innovation, market development, and positive human resource development. These factors have been the sources of British Columbia's continuing competitive edge in world markets. Without them, a dominant firm may become an ineffective competitor and the net result is a British Columbia forest industry that loses its competitiveness in the long run.

Accordingly, if I were to conclude that a proposed transaction would increase concentration of harvesting rights to the extent that it materially and adversely affects community stability, the position of others in the market-place, the generation of a fair return from Crown timber, or British Columbia's competitive position, I would normally withhold my consent.

### **B. The Market for Wood**

As we strive to develop a forest industry in B.C. that generates as much economic and social value from our wood as possible, it is essential that we have the capacity to ensure that the wood goes to its highest and best use. While there are many aspects to ensuring that this capacity exists, two necessary conditions must be met:

- methods to establish what the highest value of the wood is; and,
- the incentives to allocate the wood to the use that generates that value.

Markets for logs, chips and other wood products in British Columbia are means of meeting these two conditions—the prices set in the market establish the value of the wood, as well as giving the incentive to allocate it to its highest and best use. A strong market for logs and wood chips also supports the viability of small independent logging companies and sawmills.

There is an opposing argument that security of wood supply is needed to provide the certainty to justify major capital expenditures in processing capacity—and that, accordingly, the wood should be allocated through a provision of harvesting rights to the firms doing the manufacturing, reducing the purchase and sale of wood through a market.

A balance between these two methods of allocating wood has been struck implicitly in B.C.:

- not all harvesting rights in the province are held by firms with primary breakdown facilities, so that a market for logs is maintained; and,
- many of the primary breakdown facilities in the province are not owned by pulp and paper companies, so that a market for chips is maintained.

While there may be arguments as to precisely what is the optimal balance between the two methods of allocating wood, it is my opinion that a significant reduction in the amount of wood available to the full range of buyers and sellers and allocated through the market would not be desirable. Accordingly, if I were to conclude that a proposed transaction would result in a significant reduction in wood supply to the market, I would normally withhold my consent.

### **C. Diversity in Industry Structure**

I believe that there is significant value in maintaining and fostering diversity of industry structure.

Large companies can provide significant advantages, such as economies of scale and, over extended periods of time, greater stability. However, small companies can also provide significant advantages, such as greater flexibility in responding to changing conditions and the capacity to identify and service specific niches. Furthermore, small companies are the prospective successful large companies of tomorrow—those that are able to develop better ways of doing business, or lead the way in developing major new markets, products or processes, will grow and prosper.

Similarly, integrated companies may offer advantages arising from synergies between different stages of processing and a greater certainty over supply; but firms more narrowly focused may offer advantages arising from specialization—focusing on a narrower range of activities and doing this narrow range particularly well.

The forest industry has the best chance to remain healthy, progressive and dynamic over time if a diverse industrial structure is maintained. This means maintaining a range of companies, from large to medium to small, and a mix of integrated, solid wood manufacturers with significant licences, solid wood manufacturers without significant licences, and firms specializing at the forest end (in both silviculture and harvesting). The

firms that are the best managed and innovative will prosper and grow, and the rest of the industry can learn from their experiences.

Accordingly, I believe it is important to maintain a diverse industrial structure and if I were to conclude that a proposed transaction would likely lead to a significant reduction in that diversity, I would normally withhold my consent.

### **THE PUBLIC INTEREST**

In deciding whether to give or withhold my consent under Section 54 of the *Forest Act*, I must consider both the private interests of the party or parties seeking my consent as well the public interest. The complexity of the issues involved when a change of control transaction has implications for industry structure can make balancing these interests extremely difficult. However, my overriding concern must be to protect the public interest. Accordingly, I will not consent to a transaction which I believe to be contrary to the public interest.

January 20, 1995.

## **Procedures for Processing Requests for Consent to the Disposition (Deletion) of Private Land Subject to a Tree Farm Licence (TFL) or Woodlot Licence (WL)**

### **(Section 54 of the Forest Act)**

#### **2.1 Introduction**

Tree Farm Licences (TFL) and Woodlot Licences (WL) commonly contain parcels of private land owned by the licence holder. These parcels of private land are managed in accordance with the terms and conditions of the licence. Periodically a TFL or WL holder wishes to remove private land, or a portion thereof, from the licence to facilitate other land uses or to allow the sale of the land to other parties. However, removal of private land that is subject to a TFL or WL from those licences requires the Minister of Forest's prior written consent, as provided for in Section 54 (1) of the *Forest Act*.

Procedures for processing requests for consent to delete private land subject to a TFL or WL are provided below. Also included are appendices providing guidelines for the preparation of applicable briefing notes, Minister's letters and consent documents.

#### **2.2 Definitions**

"Forest Land Commission" means the commission established under Section 3 of the *Forest Land Reserve Act*.

For additional definitions refer to Section 1.2.

#### **2.3 Procedures**

Procedures for processing requests for consent to delete private land from a TFL or WL are described below and depicted diagrammatically in figure 4.

Note: The following procedures have been developed based on the precept that the Deputy Minister retains the authority to process requests for consent to delete private land from a WL. However, in the event that this authority is delegated to the regional manager, the following changes in the interpretation of these procedures as they apply to WL's will be required:

- a) A reference to the deputy minister would become a reference to the regional manager; and,
- b) A reference to the regional manager would become a reference to the district manager.

### **2.3.1 Preliminary Consultation**

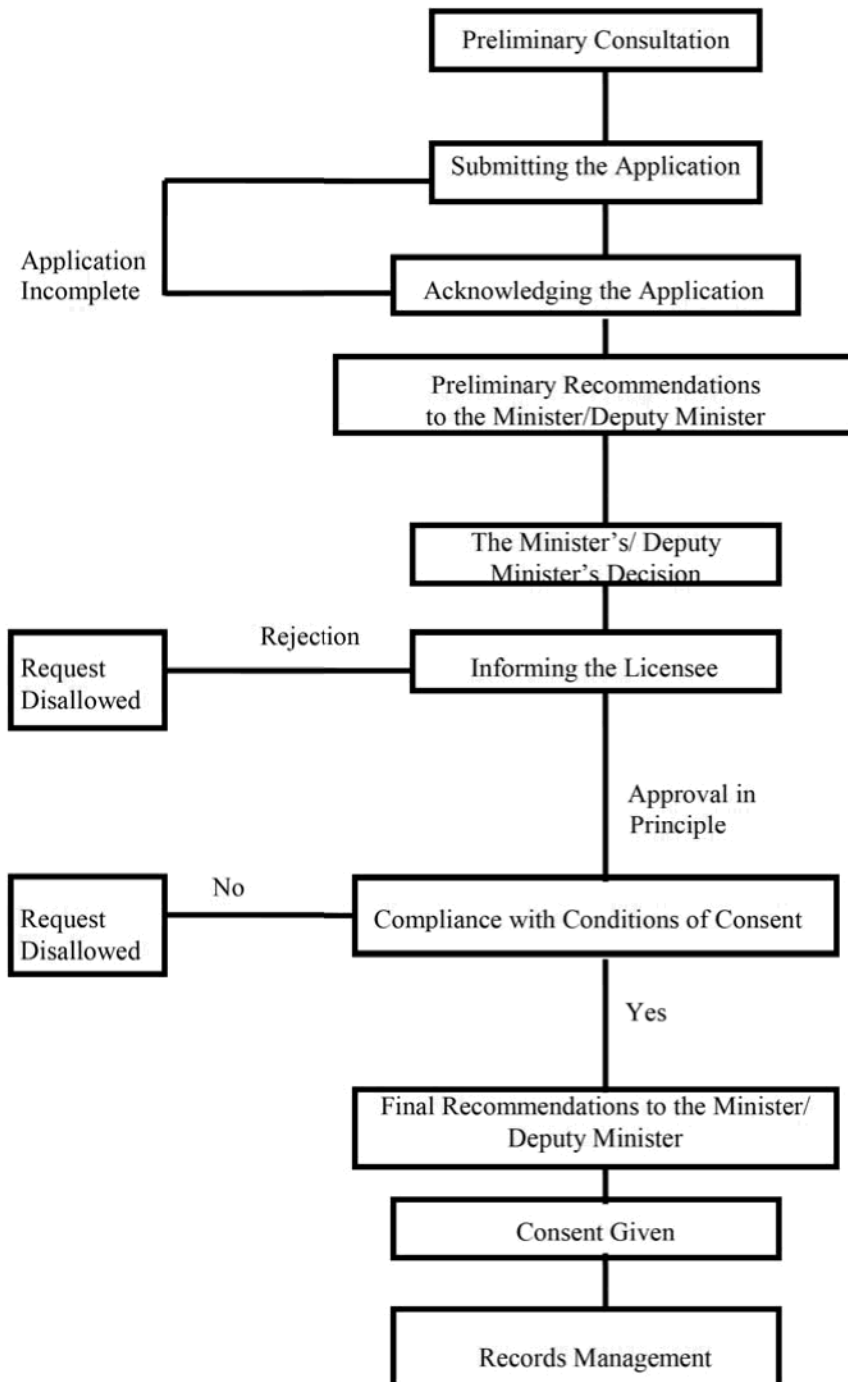
- i) Before submitting a request for the minister's consent to delete private land subject to a TFL or WL it is recommended that the licensee and the regional manager discuss the licensee's intentions and the process involved, including how to prepare and submit the request (application).

### **2.3.2 Submitting the Application**

The licensee will submit an application for consent to the Minister of Forests. This application should include enough information about the licensee and the proposed transaction to allow the minister to determine if the proposed transaction is consistent

## Consent to Transfer – Procedures

### PROCEDURES FOR PROCESSING REQUESTS FOR THE DISPOSITION (DELETION) OF PRIVATE LAND SUBJECT TO A TREE FARM LICENCE (TFL) OR WOODLOT LICENCE (WL)



with policy objectives and warrants further consideration. To this end, the application should include:

- (a) A letter from the licensee containing:
  - a request for consent to delete private land;
  - a map of the licence area showing the area of private land to be deleted and if applicable, the area of private land that will remain subject to the licence;
  - a legal description of the private land to be deleted;
  - the reason for the request, including the intended use of the land after deletion;
  - the current ownership status of the land to be deleted;
  - the expected impact of the proposal on the future management of the licence and the licensee's plans for avoiding negative impacts;
  - the current classification of the land (proposed for deletion) under the *Forest Land Reserve Act*; (WL only)
  - a description of private lands, if any, proposed for inclusion in the licence to replace the lands to be deleted, including area, location, ownership status, accessibility, current growing stock and productive potential;
  - the perceived advantages of the proposed transaction to the Crown; and,
  - the name, position and phone number of the licensee's contact person.
- (b) In the case of a TFL and the proposed deletion of private land for uses that are not permitted in the Forest Land Reserve, the licensee must submit a letter from the Forest Land Commission stating that the Commission is prepared to remove the subject lands from the Forest Land Reserve.
- (c) A copy of the State of Title Certificate covering the private land proposed for deletion.
- (d) Where the private land proposed for deletion is managed by the licensee under a lease agreement, a copy of the lease agreement should be provided.
- (e) If applicable, a copy of the purchase agreement covering the private land proposed for deletion.

ii) Copies of (a), (b), (c) and (d) and/or (e), where applicable, should be sent to the regional manager.

Note: Purchase agreements and other financial information is classified as restricted information and withheld from disclosure to the public under Section 21 of *The Freedom Of Information And Protection Of Privacy Act*.

### **2.3.3 Acknowledging the Application**

- i) The regional manager in whose region the private land is located will:
- acknowledge the application on behalf of the Minister (TFL) or Deputy Minister (WL) (copies of the acknowledgment letter will be sent to the Minister/Deputy Minister and the district manager);
  - review the application for completeness;
  - request additional information from the licensee as necessary; and,
  - conduct field inspections as required.

In the case of TFL's, if the letter from the Forest Land Commission referred to in Section 2.3.2 (b) above is not included in the application, in the acknowledgment letter the TFL holder should be informed that the application will not be processed until that letter is received.

### **2.3.4 Preliminary Recommendations to the Minister/Deputy Minister**

- i) The regional manager will:
- prepare a briefing note for the Minister (TFL's) or the Deputy Minister (WL's) (Appendix 2-1A) recommending rejection or approval in principle subject to certain conditions; and,
  - prepare a letter of rejection or approval in principle (Appendix 2-2A.1) to the licensee for the Minister's signature reflecting the recommendations in the briefing note.

The regional manager may wish to have RTEB and/or Legal Services Branch review the above document prior to submission to the Minister/Deputy Minister.

- ii) The regional manager will forward the following package to the Minister/Deputy Minister, with a copy to RTEB (TFL's only):
- . the briefing note;
  - . the letter to the licensee; and,
  - . a copy of the licensee's letter requesting the Minister's consent.

The regional manager may request that RTEB review a draft of the briefing note and letter before they are forwarded to the Minister/Deputy Minister.



### 2.3.5 The Minister's/Deputy Minister's Decision

- i) In the case of TFL's, the Minister will review the information provided by the regional manager and other relevant factors and decide to:
  - (a) disallow the request; or,
  - (b) give approval in principle to the request subject to certain conditions.In the case of WL's, the Deputy Minister will review the information provided by the regional manager and other relevant factors and decide to proceed as per (a) or (b) above.

### 2.3.6 Informing the Licensee

- i) If the letter to the licensee that accompanied the regional manager's briefing note was consistent with the Minister's/Deputy Minister's decision the Minister/Deputy Minister will sign the letter as prepared and forward it to the licensee. If the letter to the licensee was not consistent with that decision, the regional manager will prepare a revised letter and forward it to the Minister/Deputy Minister for signature. **If the decision is to disallow the request for consent the process stops here.** If the decision is to approve the request in principle subject to one or more conditions the process moves to Section 2.4.7 below.

### 2.3.7 Compliance with Conditions of Consent

- i) Before the Minister/Deputy Minister gives final consent to the proposed transaction the licensee must comply with all of the conditions set out in the approval in principle letter or accept them as future obligations. The licensee must notify the regional manager in writing when these conditions have been complied with. Where future obligations are involved, the licence document should be amended to include those obligations as contractual requirements.

### 2.3.8 Final Recommendations to the Minister/Deputy Minister

- i) When all of the conditions in the approval in principle letter have been complied with the regional manager will:
  - a) prepare two originals of the consent document;
  - b) prepare a briefing note to the Minister/Deputy Minister recommending that the consent documents be signed; (Appendix 2-1A.2); and,
  - c) attach a copy of the letters received from the licensee (confirming compliance with the conditions in the approval in principle letter) to (a) and (b) above and forward the package to the Minister/Deputy Minister.

The consent document will normally be a letter of consent (Appendix 2-2A.2).

### **2.3.9 Consent Given**

- i) The Minister/Deputy Minister will sign the two consent documents and return them to the regional manager for any attachments and distribution. One original of the consent document is sent to the licensee and the transaction is complete.

### **2.3.10 Records Management**

- i) The RTEB will be responsible for making any changes to Ministry corporate data bases or notifying others of the need for changes made necessary by the assignment of timber harvesting agreements, changes in control of corporations or an amalgamation.
- ii) For record keeping purposes RTEB requires copies of the following documents for each transaction processed (TFL's only):
  - a) the letter from the licensee requesting consent to deletion of private land;
  - b) a copy of the disallowance/approval in principle letter; and,
  - c) a copy of the consent document.
- iii) The regional manager will be responsible for storing all confidential documents (related to a request for consent) that were provided to the ministry by the licensee and not returned.

# **APPENDICES**

## **APPENDIX 2 - 1A**

### **GUIDELINES FOR PREPARING REQUIRED BRIEFING NOTES**

**APPENDIX 2-1A.1 - Initial Briefing Note to the Minister - Deletion of  
Private Land from a TFL or WL**

**APPENDIX 2-1A.2 - Final Briefing Note to the Minister - Deletion of  
Private Land from a TFL or WL**

**APPENDIX 2-1A.1**

**Initial Briefing Note to the Minister - Deletion of Private Land from a TFL or WL**

**(Section 2.3.4 in Procedures)**

**I PREPARED FOR:**

The Minister/Deputy Minister

**II ISSUE:**

Request For The Minister's/Deputy Minister's Consent To .....

**III BACKGROUND:**

- i) Describe the licence in terms of location, total Crown land area and AAC and total private land area and AAC.
- ii) Describe the proposed deletion of private land including:
  - the location of the private land to be deleted;
  - the size of the subject land and approximate AAC;
  - the ownership of the subject land;
  - the classification of the private land under the Forest Land Reserve Act (W/L's only);
  - the proposed future use of the subject land;
  - any commitment to replace the private land proposed for deletion with other private land; and,
  - a comparison of the size, location, accessibility and productivity of the proposed replacement private land (if applicable) with that proposed for deletion.
- iii) Give the reasons for the proposed deletion.
- iv) Reference the section of the *Forest Act* that deals with requests for deletion of private land.
- v) Provide information on other private forest land(s) in the general area of the proposed deletion owned by the licensee that is not subject to a TFL or WL.
- vi) Confirm that the Forest Land Commission has given approval (or approval in principle) to the use of the private land proposed for deletion for the purposes intended after its deletion (TFL's only).
- vii) append a copy of the licensee's letter to the Minister requesting consent.

**IV DISCUSSION:**

The discussion should provide an evaluation of the proposal to delete private land from a TFL or WL, using the criteria set out in the policy on private land deletion as the focus points.

**V OPTIONS:**

Options should include:

1. Reject the request for consent; or,
2. Give approval in principle to the request for consent subject to certain conditions.

**VI RECOMMENDATION:**

Recommend an option and provide reasons. Enclose with the briefing note the letter of rejection or the approval in principle letter (depending on the option recommended) to the licensee for the Minister's/Deputy Minister's signature. If the recommendation is approval in principle, ensure that all of the necessary conditions of consent are included in the letter (See Appendix 2-2A).

**APPENDIX 2-1A.2**

**Final Briefing Note to the Minister - Deletion of Private Land from a TFL or WL**

**(Section 2.3.8 in Procedures)**

**CONTENT GUIDELINES**

**I PREPARED FOR:**

The Minister/Deputy Minister

**II ISSUE:**

Request For The Minister's/Deputy Minister's Consent To.....

**III BACKGROUND:**

- i) Summarize the proposal to delete private land (who, what, where, and why).
- ii) Describe the processing of the request to date, including the Minister's/Deputy Minister's response to the initial briefing note (attach a copy of the approval in principle letter for reference).
- iii) confirm that all of the conditions in the approval in principle letter have been complied with (or otherwise).

**IV DISCUSSION: (Optional)**

The need for discussion will only exist if there is some issue that requires elaboration e.g. the region now wishes to change its initial recommendations or the licensee cannot meet a condition included in the approval in principle letter, etc.

**V OPTIONS: (Optional)**

As is the case with the DISCUSSION section above, the presentation of options is only required if some issue has emerged that brings into question whether or not consent to the deletion of private land should be given.

**VI RECOMMENDATION:**

Normally at this point the conditions in the approval in principle letter will have been complied with. Therefore the recommendation to the Minister/Deputy Minister will be to sign both originals of the consent document (letter of consent), which will have been enclosed with this briefing note and return them to the regional manager for distribution.

## **APPENDIX 2 - 2A**

### **GUIDELINES FOR PREPARING THE MINISTER'S LETTERS REGARDING PRIVATE LAND DELETION**

- APPENDIX 2-2A.1 - Approval in Principle Letter - Deletion of Private Land from a TFL or WL**
- APPENDIX 2-2A.2 - Letter Of Consent - Deletion of Private Land from a TFL or WL**



## APPENDIX 2-2A.1

### The Approval in Principle Letter for Deletion of Private Land

#### (TFL or WL)

#### CONTENT GUIDELINES

Approval in principle letters related to the deletion of private land from a TFL or WL will contain some standard conditions and, where appropriate, some special conditions.

#### 1. STANDARD CONDITIONS

a) The licensee must:

- i) prior to consent, pay all overdue amounts owing to the Ministry;
- ii) prior to the consent, submit a copy of the private land purchase agreement;
- iii) agree to amend all plans for the TFL or WL that were approved by the Ministry of Forests and that will be affected by the deletion of private land and submit these amendments within (specify) days of the date of consent;
- iv) prior to consent, submit a fee of (specify) for processing the request for the deletion of private land;
- v) within (a period to be specified by the Minister/Deputy Minister) following consent, provide proof that the proposed sale of Schedule “A” land occurred in accordance with the original purchase agreement (e.g. State of Title Certificate); and,
- vi) in the case of a WL, where the private land proposed for deletion is currently designated as Forest Land Reserve under the *Forest Land Reserve Act*, confirm in writing its understanding that the use of the private land following its deletion from the WL will continue to be governed by the *Forest Land Reserve Act*.

#### 2. SPECIAL CONDITIONS

Normally few, if any, special conditions of consent will be imposed by the Minister/Deputy Minister. One example of a special condition might be the requirement of replacing the deleted lands with other private land owned (or leased) by the licensee.

Note: When preparing the approval in principle letter it is recommended that the Legal Services Branch of the Ministry of Attorney General be consulted to ensure that the content is appropriate from a legal perspective.

**APPENDIX 2-2A.2**

**Letter of Consent for the Deletion of Private Land**

**(TFL or a WL)**

**(Example)**

An example of a standard format for a Letter of Consent applicable to the deletion of Schedule “A” land from a TFL or WL where the conditions set out in the approval in principle letter have all been complied with or accepted as future obligations is provided below. There may be cases where variations to this format will be required to fit specific situations.

**(These letters should be prepared in consultation with Legal Services Branch)**

Dear (licensee):

This letter is in response to yours of \_\_\_\_ (date) \_\_\_\_\_ in which you requested my consent to \_\_\_\_\_ (describe the request) \_\_\_\_\_.

It is my understanding that you have complied with and/or accepted the conditions set out in my approval in principle letter dated \_\_\_\_ (date) \_\_\_\_\_. Therefore, pursuant to Section 54 of the *Forest Act*, I herewith provide my consent to the request referred to in paragraph one.

If you have any questions regarding the above please contact \_\_\_\_\_ (name, title, and phone number) \_\_\_\_\_.

Sincerely,

\_\_\_\_\_  
Minister/Deputy Minister Of Forests

c.c. Regional Manager  
c.c. RTEB

### **3.0 Procedures for Processing Requests for Consent to the Disposition of an Interest in Private Land Subject to a Woodlot Licence (WL)**

#### **(Section 54 of the Forest Act)**

##### **3.1 Introduction**

Woodlot Licences (WL) commonly contain parcels of private land owned by the licensee. These parcels of private land are managed in accordance with the terms and conditions of the licence. Periodically a WL holder wishes to keep the private land in the WL but change the ownership of that land. For example, frequently a WL holder wishes to share ownership of the private land with a wife or husband or a son or daughter for estate planning purposes. However, the disposition of an interest in private land subject to a WL requires the Minister of Forests prior written consent, as provided for in Section 54 (1) (d) of the *Forest Act*.

Procedure for adjudicating requests for consent to dispose of an interest in private land subject to a WL are provided below. Also included are appendices providing guidelines for the preparation of applicable briefing notes, Minister's letters and consent documents.

##### **3.2 Definitions**

Refer to Section 1.2 for definitions.

##### **3.3 Procedures**

Procedures for processing requests for consent to dispose of an interest in private land in a WL are described below and depicted diagrammatically in Figure 5.

Note: The following procedures have been developed based on the precept that the Deputy Minister retains the authority to process requests for consent to dispose of an interest in private land in a WL. However, in the event that this authority is delegated to the regional manager, the following changes in the interpretations of these procedures will be required:

- a) A reference to the Deputy Minister would become a reference to the regional manager; and,
- b) A reference to the regional manager would become a reference to the district manager.

### 3.3.1 Preliminary Consultation

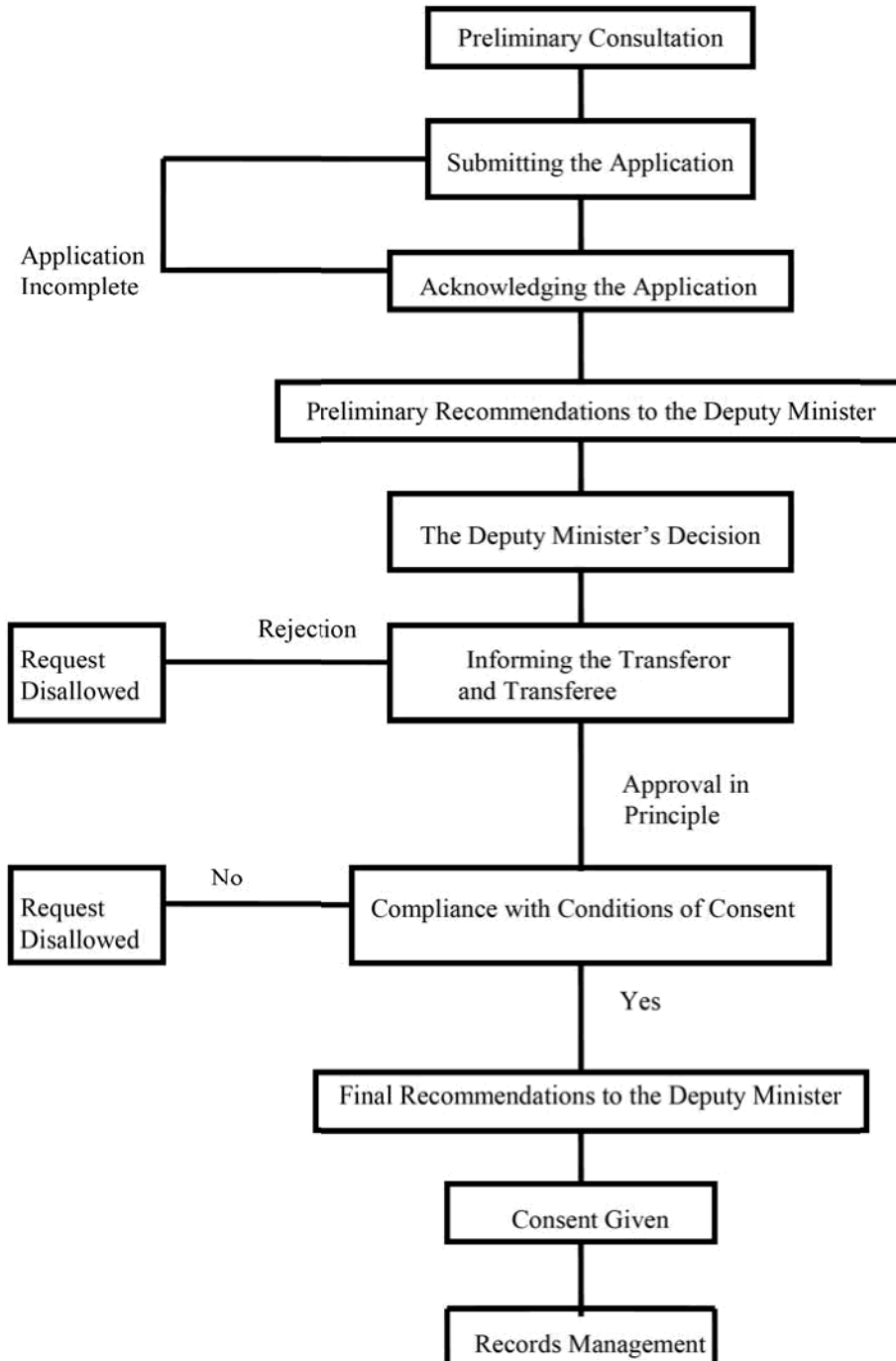
- i) Before submitting a request for the Deputy Minister's consent to dispose of an interest in private land subject to a WL, it is recommended that the transferor (the party disposing of an interest in private land) and the transferee (the party obtaining an interest in the private land) contact the regional manager to discuss the process to be followed in preparing and submitting the request (application). This is also a good opportunity to explain to the licensee the benefits of obtaining legal advice on the proposal, particularly if it is of a complex nature.

### 3.3.2 Submitting the Application

- i) The transferor and transferee, usually in a joint effort, will submit an application for consent to the Minister of Forests. This application should include enough information about the transferor and transferee and the proposed transaction to allow the Minister to determine if the proposed transaction is consistent with policy objectives and warrants further consideration. To this end the application should include:
  - (a) A letter from the transferor requesting the Minister's consent to the proposed transaction, which should contain:
    - a description of the proposed transaction, including:
      - . what the transaction involves and how it will be carried out;
      - . a map of the WL showing the subject private land;
      - . a legal description of the subject private land and its current ownership status; and,
      - . the full name of the transferee and that party's relationship to the transferor.
    - the transferor's reasons for the proposed transaction;
    - the expected impact, if any, on the future management of the WL;

## Consent to Transfer – Procedures

### PROCEDURES FOR PROCESSING REQUESTS FOR THE DISPOSITION OF AN INTEREST IN PRIVATE LAND SUBJECT TO A WOODLOT LICENCE (WL)



- the perceived advantages of the proposed change to the Crown; and,
  - the name, position and telephone number of the transferor's contact person.
- (b) A letter from the transferee requesting the Minister's consent to the proposed transaction, which should contain:
- a description of the proposed transaction;
  - the transferee's full name, citizenship, place of permanent residence and relationship to the transferor;
  - the transferee's reasons for the proposed transaction;
  - confirmation that the transferee is eligible under the *Forest Act* and ministry policy to hold a WL licence;
  - a summary of the transferee's training and experience in forest management;
  - the perceived advantages of the proposed transaction to the Crown; and,
  - the name, position and telephone number of the transferor's contact person.
- c) A copy of the current State of Title Certificate for the subject private land (proof of ownership) and where that private land is leased, a copy of the lease agreement.
- ii) Copies of a), b) and c) above should be sent to the regional manager.

### 3.3.3 Acknowledging the Application

- i) The regional manager in whose region the WL is located will:
- acknowledge the application on behalf of the Minister;
  - request additional information from the transferor and/or transferee if the application is incomplete; and,
  - conduct field inspections as required.

### 3.3.4 Preliminary Recommendations to the Deputy Minister

i) The regional manager will:

- prepare a briefing note for the Deputy Minister recommending rejection or approval in principle subject to certain conditions (Appendix 3-1A); and,
- prepare letters for the Deputy Minister's signature to the transferor and transferee reflecting the recommendations in the briefing note (Appendix 3-2A).

Where deemed necessary the regional manager may wish to involve Legal Services Branch in the preparation of the above letters.

ii) The regional manager will forward the following package to the Deputy Minister:

- . the briefing note;
- . the letters to the transferor and transferee; and,
- . a copy of the transferor and transferee's letters requesting the Minister's consent.

The regional manager may request that RTEB review a draft of the briefing note and letters before they are forwarded to the Deputy Minister.

### 3.3.5 The Deputy Minister's Decision

i) The Deputy Minister will review the information provided by the regional manager and other relevant factors and decide to:

- (a) disallow the request; or,
- (b) give approval in principle to the request subject to certain conditions.

### 3.3.6 Informing the Transferor and Transferee

i) If the letters to the transferor and transferee that accompanied the regional manager's briefing note were consistent with the Deputy Minister's decision, the Deputy Minister will sign the letters as prepared and forward them to the transferor and transferee. If the letters were not consistent with the Deputy Minister's decision, the regional manager will have revised letters prepared and forward them to the Deputy Minister for signature. **If the Deputy Minister's decision was to reject the request for consent, the process stops here.** If the decision was to approve the request in principle subject to certain conditions, the process moves to Section 3.3.7 below.

### 3.3.7 Compliance with Conditions of Consent

i) Before the Deputy Minister gives final consent to the proposed transaction the transferor and transferee must comply with all of the conditions set out in the approval in principle letter or accept them as future obligations. The transferor and transferee must notify the regional manager in writing when these conditions have

been complied with and/or accepted. Where future obligations are involved, the licence document should be amended to incorporate those obligations as licence conditions.

### **3.3.8 Final Recommendations to the Deputy Minister**

- i) When all of the conditions in the approval in principle letter have been complied with or accepted as future obligations the regional manager will:
  - a) prepare two originals of the appropriate consent document;
  - b) prepare a briefing note to the Deputy Minister recommending that the consent documents be signed; (Appendix 3-1A.2); and,
  - c) attach a copy of the letters received from the transferor and transferee (confirming compliance with the conditions in the approval in principle letter) to (a) and (b) above and forward the package to the Deputy Minister.

The consent document will normally be a letter of consent (Appendix 3-2A.2).

### **3.3.9 Consent Given**

- i) The Deputy Minister will sign the two consent documents and return them to the regional manager for any attachments and distribution. One original of the consent document is sent to the transferor with a copy to the transferee and the transaction is complete.

### **3.3.10 Records Management**

- i) The RTEB will be responsible for making any changes to Ministry corporate data bases or notifying others of the need for changes made necessary by the assignment of timber harvesting agreements, changes in control of corporations or an amalgamation.
- ii) The regional manager will be responsible for storing all confidential documents (related to a request for consent) that were provided to the Ministry by the transferor or transferee and not returned.



**APPENDIX 3 - 1A**

**GUIDELINES FOR PREPARING REQUIRED BRIEFING NOTES**

**APPENDIX 3-1A.1 - Initial Briefing Note - Disposition of an Interest in  
Private Land in a WL**

**APPENDIX 3-1A.2 - Final Briefing Note - Disposition of an Interest in  
Private Land in a WL**

**APPENDIX 3-1A.1**

**Initial Briefing Note to the Minister - Disposition of an Interest in Private Land in a WL**

**(Section 3.3.4 in Procedures)**

**CONTENT GUIDELINES**

**I PREPARED FOR:**

The Deputy Minister

**II ISSUE:**

Request For The Deputy Minister's Consent To .....

**III BACKGROUND:**

- i) Describe the licence in terms of location, total Crown land area and AAC and total private (Schedule "A") land area and AAC.
- ii) Describe the proposed disposition of an interest in the private land.
- iii) Provide the reasons for the proposed disposition.
- iv) Reference the section of the *Forest Act* that deals with the disposition of an interest in private land.
- v) Provide a description of the party (transferee) to whom the interest in the private land is being disposed, including:
  - corporate information, if applicable;
  - relationship to the licensee;
  - eligibility to hold a WL;
  - qualifications to manage a WL; and,
  - place of permanent residence.
- vi) Append copies of the transferor and transferee's letters requesting consent.

**IV DISCUSSION:**

The discussion should provide an evaluation of the proposed transaction using the criteria set out in the policy on the disposition of an interest in private land as the focus points.

**V OPTIONS:**

Options should include:

1. Reject the request for consent.
2. Give approval in principle to the request for consent subject to certain conditions.

**VI RECOMMENDATION:**

Recommend an option and give reasons. Enclose with the briefing note the appropriate letter (rejection or approval in principle subject to conditions) to the licensee for the Deputy Minister's signature. If the recommendation is approval in principle ensure that all of the necessary conditions of consent are included in the letter. (Appendix 3-2A.1).

**APPENDIX 3-1A.2**

**Final Briefing Note to the Minister - Disposition of an Interest in Private Land in a WL**

**(Section 3.3.8 in Procedures)**

**CONTENT GUIDELINES**

**I PREPARED FOR:**

The Deputy Minister

**II ISSUE:**

Request For The Deputy Minister's Consent To .....

**III BACKGROUND:**

- i) Summarize the proposed transaction (who, what, where, and why).
- ii) Describe the processing of the request to date, including the Deputy Minister's response to the initial briefing note (attach a copy the approval in principle letter for reference).
- iii) confirm all of the conditions in the approval in principle letter have been complied with (or otherwise).

**IV DISCUSSION: (Optional)**

The need for discussion will only exist if there is some issue that requires elaboration e.g. the region now wishes to change its initial recommendations or the licensee cannot meet a condition included in the approval in principle letter, etc.

**V OPTIONS: (Optional)**

As is the case with the DISCUSSION section above, the presentation of options is only required if some issue has emerged that brings into question whether or not consent to the disposition of an interest in the private land should be given.

**VI RECOMMENDATION:**

Normally at this point the conditions in the approval in principle letter will have been complied with. Therefore the recommendation to the Deputy Minister will be to sign the two originals of the consent document (letter of consent), which will have been enclosed with this briefing note and return them to the regional manager.

## **APPENDIX 3 - 2A**

### **GUIDELINES FOR PREPARING THE MINISTER'S LETTERS REGARDING THE DISPOSITION OF AN INTEREST IN PRIVATE LAND IN A WL**

- APPENDIX 3-2A.1 - Approval in Principle Letter - Disposition of an  
Interest in Private Land in a WL**
- APPENDIX 3-2A.2 - Letter of Consent - Disposition of an Interest in  
Private Land in a WL**

## **APPENDIX 3-2A.1**

### **The Approval in Principle Letter for the Disposition of an Interest in Private Land in a WL**

#### **CONTENT GUIDELINES**

Approval in principle letters related to the disposition of an interest in private (Schedule “A”) land in a WL will contain some standard conditions and in some cases, special conditions that are related specifically to each proposal.

#### **1. STANDARD CONDITIONS**

a) The transferor must:

- i) prior to consent, pay all overdue amounts owing to the Ministry; and,
- ii) prior to consent, pay a fee of (specify) for processing the request for the proposed transaction;

b) The transferor and transferee must:

- i) agree in writing that the subject land and its use will continue to be subject to the *Forest Act* and the terms and conditions of the licence document.

#### **2. SPECIAL CONDITIONS**

Special conditions of consent, when required, will be designed to meet the Deputy Minister’s needs on a case by case basis. For example, WL policy states that it is preferable that where private land in a WL is held in joint tenancy, both tenants should hold the WL. Therefore, if a proposed transaction creates a joint tenancy situation the Deputy Minister might impose the condition that the transferor and the transferee, within a specified time period, must comply with that policy i.e. request consent to assign the WL to the transferor and transferee.

Note: When preparing the approval in principle letter it is recommended that the Legal Services Branch of the Ministry of Attorney General be consulted to ensure that the content is appropriate from a legal perspective.

**APPENDIX 3-2A.2**  
**Letter of Consent**

**(Example)**

An example of a standard format for a Letter of Consent applicable to the disposition of an interest in Schedule “A” land in a WL where a condition(s) of consent was accepted as a future obligation is provided below. There may be cases where variations to this format will be required to fit specific situations.

**(These letters should be prepared in consultation with Legal Services Branch)**

Dear (transferor/transferee):

This letter is in response to yours of \_\_\_\_ (date) \_\_\_\_\_ in which you requested my consent to \_\_\_\_\_ (describe the request) \_\_\_\_\_.

It is my understanding that you have complied with and/or accepted the conditions set out in my approval in principle letter dated \_\_\_\_ (date) \_\_\_\_\_. Therefore, pursuant to Section 54 of the *Forest Act*, I herewith provide my consent to the request referred to in paragraph one.

If you have any questions regarding the above please contact \_\_\_\_\_ (name, title, and phone number) \_\_\_\_\_.

Sincerely,

\_\_\_\_\_  
Minister Of Forests

c.c. Regional Manager  
c.c. RTEB